



Doing Business in Lebanon:

2015 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Lebanon

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Market Overview

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- Lebanon has a population of 4.55 million as of 2015, according to the International Monetary Fund (IMF). It was the 74th largest market for U.S. exports in 2014, according to U.S. Department of Commerce statistics. The Lebanese Customs Authority reported that Lebanon's total imports in 2014 reached USD 20.494 billion, of which USD 1.227 billion came from the United States.
- In 2014, the United States ranked as Lebanon's fifth largest trading partner behind China, Italy, France, and Germany. According to Lebanese Customs statistics, major U.S. exports to Lebanon were mineral fuel and oil (USD 306 million), vehicles (USD 227 million), machinery and electrical instruments (USD 187 million), products of chemical industries (USD 171 million), prepared foodstuffs, beverages and tobacco (USD 72 million), and vegetable products (USD 56 million).
- Real Gross Domestic Product (GDP) growth is estimated to have slowed from eight percent in 2010 to two percent in 2014, according to the IMF's April 2015 World Economic Outlook, with nominal GDP estimated at USD 49.9 billion in 2014. The IMF Article IV Consultations in May 2015 lowered growth forecast for 2015 from 2.5 percent to two percent, with the average inflation rate at 1.1 percent compared to 1.9 percent in 2014.
- Lebanon's economy follows a laissez-faire model. The economy is highly dollarized and the average exchange rate is stable at Lebanese Lira (LL) 1507.5 to the dollar. The country has few restrictions on the movement of capital across its borders. The Lebanese government's intervention in foreign trade is minimal.
- Lebanon faces major financial challenges, notably a very high level of public debt and large external financing needs. The business climate will remain sensitive to domestic and regional political and security developments. Spillover from the Syrian crisis will continue to impact growth, which is expected to remain below potential in the near term.
- The U.S. Government has neither a bilateral investment treaty (BIT) with Lebanon nor an agreement on the avoidance of double taxation. The U.S.

Government signed a Trade and Investment Framework Agreement (TIFA) with Lebanon in 2006. Since 1999, Lebanon has had observer status at the World Trade Organization (WTO), but has not acceded to the organization. In 2006, Lebanon signed an association agreement with the European Union.

- There are many good reasons for U.S. companies to export to Lebanon. Lebanese consumers are fond of U.S. products, given their high quality and competitive price. English is widely spoken in the business community. Payments for business transactions are often made in U.S. dollars, and major Lebanese banks have American correspondent banking relationships that facilitate financial transactions between U.S. exporters and Lebanese importers.

Market Challenges

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- Starting a new business in Lebanon is relatively simple and open. According to the World Bank's Doing Business 2015 report, it takes entrepreneurs only nine days to start a business in Lebanon, compared to the average of 19 days in the MENA region.
- According to Transparency International's (TI) 2015 Corruption Perception Index (CPI), Lebanon ranked 104 out of 189 countries worldwide and 14 out of 19 MENA countries. Foreign and local companies have complained about impediments such as arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunication charges and slow Internet speeds, poor power provision, , uneven interpretation of laws, and a lack of adequate protection of intellectual property.
- Lebanon adheres to the Arab League boycott of Israel. Enforcement is selective, as many goods on the boycott list are available in the Lebanese market. The Arab League's Central Boycott Office maintains a blacklist of U.S. firms that are believed to contribute to Israel's military or economic development. As per U.S. anti-boycott regulations, U.S. companies must refrain from certifying that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (<http://www.bis.doc.gov>).

Market Opportunities

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- The Council for Development and Reconstruction (CDR) is the Lebanese government's executive body responsible for tendering major projects, procuring financing for these projects, and supervising their execution. Major projects exist in transportation, electricity, telecommunications, education, solid and water waste. These projects are listed at <http://www.cdr.gov.lb/eng/home.asp> .
- Significant investment opportunities for international companies exist in the electricity, water and wastewater and oil and gas sectors, safety and security, and healthcare. More information about electricity and water projects can be

found at <http://www.energyandwater.gov.lb> . More information about Lebanon's oil and gas opportunities can be found at <http://www.lpa.gov.lb> .

Market Entry Strategy

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- U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. Although working through an agent is a very common practice in Lebanon, networking and lengthy investigation are key to finding an appropriate one.
- U.S. companies do not need to visit Lebanon to find an agent. The U.S. Commercial Service can help U.S. companies find the right partner through the International Partner Search (IPS) service. Information is available at http://export.gov/lebanon/eg_lb_035712.asp .
- The Investment Development Authority of Lebanon (IDAL), a public agency responsible for promoting investments in Lebanon, has a “One-Stop Shop” service to issue permits and licenses for investors. More information is available at <http://investinlebanon.gov.lb> .

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Lebanon, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/p/nea/ci/le/index.htm>

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Using an Agent or Distributor

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U.S. companies are advised to appoint a Lebanese agent or distributor when doing business in Lebanon. The agent may be a partnership, a sole proprietorship, a joint-stock company, or a limited liability company. The agent can act on behalf of the U.S. company to bid for government tenders and to market its products.

The U.S. Commercial Service can help U.S. companies find reliable agents through International Partner Search (IPS). More information can be found at http://export.gov/lebanon/eg_lb_035712.asp.

Establishing an Office

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A foreigner who wishes to establish a business branch in Lebanon must apply for a residency permit from the Directorate of General Security (aka Sûreté Générale in French) and a work permit from the Ministry of Labor. Foreign companies require a license to operate from the Ministry of Economy and Trade. U.S. companies may operate through local branches, provided they obtain a “receipt of acknowledgement” from the Ministry of Economy and Trade and register in a local commercial court. For trade activity, the company must be registered at any of the four regional chambers of commerce and industry.

The Investment Development Authority of Lebanon (IDAL) has a “One-Stop Shop” service to issue permits and licenses for investors. More information is available at <http://investinlebanon.gov.lb>.

Franchising

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Franchising is one of the fastest growing business sectors in Lebanon. Franchising opportunities are most common in the fast food sector. Major American food franchises in Lebanon are Baskin-Robbins, Burger King, Chili's, Domino's Pizza, Dunkin' Donuts, Häagen-Dazs, Hardees, Kentucky Fried Chicken (KFC), Magnolia Bakery, McDonald's, P.F. Chang's, Pinkberry, Pizza Hut, Shake Shack, Starbucks, Subway, and T.G.I. Friday's.

Franchising opportunities are also available in the area of clothing and services. Major service-related American franchises in Lebanon include Berlitz Languages, Century 21 Real Estate, Coldwell Banker, Hertz, Avis, New Horizons, RE/MAX International, and Ziebart.

In April 2008, the Lebanese Franchise Association (LFA) signed a memorandum of understanding with the International Franchise Association to foster international training and sharing of information. LFA hosts its annual Beirut International Franchise Forum (BIFEX) which gathers franchisors and potential franchisees from around the Middle East. More information about LFA is available at <http://www.lfalebanon.com>.

Direct Marketing

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Lebanon's advertising expenditures constantly rank amongst the highest in region. After having peaked in 2010 at USD 161.4 million, advertising spending slumped in the following year as Lebanon's economic situation worsened. However, a gradual recovery occurred in the following years with advertising expenditure reaching USD 160.1 million in 2014.

During 2014, television advertising represented the biggest 38 percent share of total advertising spending during 2014, with a value of USD 60.7 million. Out-of-Home and Cinema Advertising represented the second largest 25 percent share of total advertising spending during 2014, with a value of USD 39.3 million. Cinema advertising expenditure did not exceed USD 2 million in 2014. During 2014, newspapers represented a 15.1 percent share of total advertising spending, reaching a value of USD 24.2 million. Meanwhile, magazines accounted for seven percent of total advertising expenditure, equivalent to USD 11.2 million. Digital advertising has steadily expanded over the past few years, reaching a value of USD 18.5 million in 2014, which is equivalent to 11.6 percent of total advertising spending. Over the period 2009-2014, radio advertising has contracted, though slightly increasing in 2014, and reaching a value of USD 6.2 million. It accounted for 3.9 percent of total advertising spending.

Marketing can be also achieved through trade fairs and exhibitions. Numerous international fairs are held in Lebanon every year, with significant participation from European, Asian, Middle Eastern, and, increasingly, U.S. companies. Additional information can be found at <http://export.gov/lebanon/tradefairsinlebanon/index.asp>.

Joint Ventures/Licensing

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Joint ventures in Lebanon are established through the following six steps:

- 1 - Completion of preliminary legal tasks
- 2 - Payment of share capital
- 3 - Registration at the Trade Register
- 4 - Registration at the Bar Association
- 5 - Payment of duties at the Ministry of Finance
- 6 - Release of capital

Detailed information is available on IDAL's website:

http://investinlebanon.gov.lb/Content/uploads/Joint_Stock_Company.pdf .

Licenses are usually issued by the concerned ministries or through the Investment Development Authority of Lebanon (IDAL). More information is available at <http://investinlebanon.gov.lb> .

Selling to the Government

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The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the government body responsible for all major reconstruction and development projects in Lebanon. The CDR is accountable to the Council of Ministers (i.e. Cabinet) and coordinates its sector-based actions with the concerned ministries. These projects are usually carried out through public tenders, although purchases are occasionally made via direct contract when attractive financing protocols are offered. More information about projects to be awarded and ongoing projects is available at http://www.cdr.gov.lb/eng/select_projects.asp .

Ministries can issue tenders below LBP 100 million (USD 66,335); these are published on the ministries' websites and in local newspapers. However, for tenders exceeding the threshold, the public tendering department is responsible for launching these tenders, unless the cabinet authorizes the relevant ministry to launch the tender directly. A list of ministries and their websites is found in chapter nine. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

Lebanon does not abide by the WTO-Government Procurement Agreement (Lebanon is not a member of the World Trade Organization). Lebanon has a public procurement law that is outdated, and a new law, which is currently under review by the World Bank, needs to be approved by the cabinet.

Distribution and Sales Channels

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Most products imported to Lebanon enter either through the Beirut-Rafic Hariri International Airport (RHIA) or the Beirut Port. Foreign exporters rely on local companies both to receive the imported products at the Beirut Port and Beirut-RHIA after they are cleared by local or international expeditors from the customs authority and to distribute them subsequently in the market. Although traditional markets and souks exist in Lebanon, most products are distributed through modern retail stores, shopping malls, department stores, and supermarket chains spread throughout the country.

Major shopping malls and department stores in Lebanon include ABC, Beirut City Center, Beirut Mall, Beirut Souks, CityMall, and Le Mall. Major supermarket chains

include Carrefour, Le Charcutier Aoun, Fahed Supermarket, Metro Superstore, Monoprix, Spinneys, and The Sultan Center (TSC).

Express Delivery

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Local and international express delivery companies are common and reliable in Lebanon. Libanpost is Lebanon's national post office.

There are several local and international freight service companies such as Expeditors, FedEx, eCourier, Beirut Cargo Center, UPS, Aramex, TNT, and DHL that provide air, ocean, and ground transportation shipments to and from Lebanon. Air shipping time from the United States to Lebanon is estimated between 1 to 3 days, whereas ocean shipping time from the U.S. to Lebanon is estimated between 25 to 45 days.

Selling Factors/Techniques

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The Lebanese market is generally considered to be open and price sensitive. Sales materials can be in English, French, or Arabic. Many European and Asian brands introduced into the market have managed to gain considerable market share, but high-quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovation, and added value.

Exclusive rights are a common practice in the Lebanese market, and Lebanese companies usually request exclusive rights when signing agency agreements with foreign companies. Therefore, U.S. companies are encouraged to work with one exclusive agent to represent their products in Lebanon. It is also advisable for U.S. companies to consult with local lawyers when doing business in Lebanon. A list of local lawyers can be available at <http://lebanon.usembassy.gov/attorneys.html>.

Electronic Commerce

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E-commerce is widely used in Lebanon. Some e-commerce ventures, such as online shops, auctions, services (travel, banking and entertainment), and content publishing, have been established. These ventures remain limited due to the continuing lack of a legal and regulatory framework for e-transactions. Internet and telecommunications prices remain relatively high.

Trade Promotion and Advertising

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Lebanon is considered a regional center for the advertising industry, with offices serving most of the Arab region, including the Gulf countries. Lebanon itself enjoys a sophisticated domestic audience and a thriving media sector. There are 17 television stations, over 40 printed and online newspapers, over 30 magazines, and many radio stations.

Television remains the favored medium of advertising and captures half of the advertising market. Other media include print, billboards, and radio.

There are many Arabic-language dailies in Lebanon, as well as the English-language *Daily Star* (<http://www.dailystar.com.lb>) and the French-language *L'Orient Le Jour* (<http://www.lorientlejour.com>). Most newspapers have websites displaying the latest news on Lebanon.

The following are major trade fair organizers in Lebanon:

- BIEL Center (<http://www.bielcenter.com>)
- Confex-Lebanon (<http://www.confex-lebanon.com>)
- E Square (<http://www.esquareme.com>)
- Hospitality Services (<http://www.hospitalityservices.com.lb>)
- Iktissad Events (<http://www.iktissadevents.com>)
- International Fairs and Promotion (<http://www.ifpexpo.com>)
- Promofair (<http://www.promofair.com.lb>)

Major business magazines are the English-language Lebanon Opportunities (<http://www.opportunities.com.lb>), Executive Magazine (<http://www.executive-magazine.com>), Arab Ad Magazine (<http://www.arabadmag.com>), and the French-language Le Commerce du Levant (<http://www.lecommercedulevant.com>).

Pricing

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Imported goods are subject to customs duties and a value-added tax (VAT) of ten percent. The Consumer Protection Department at the Ministry of Economy and Trade sets the price of local Lebanese flat bread (note that other types of bread are not affected by these regulations). The Ministry of Energy and Water sets the prices of petroleum derivatives, and the Ministry of Public Health sets the prices of pharmaceuticals. The Technical Center for Price Control at the Ministry of Economy and Trade surveys supermarket prices of consumer goods every two months.

Sales Service/Customer Support

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A number of leading Lebanese companies have sales service and customer support units, as such services are critical to maintaining market share. Lebanon has a Consumer Protection Law, which calls for the establishment of mechanisms for better protection of consumers. The Consumer Protection Directorate at the Ministry of Economy and Trade has a call-center hotline (1739) to field consumer's claims.

Protecting Your Intellectual Property

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Intellectual Property Climate in Lebanon

Lebanon's intellectual property (IP) legislation is generally compliant with international standards, and enforcement has somewhat improved in recent years. Numerous challenges remain, however, particularly in the pharmaceutical industry and optical media. It is advisable that U.S. companies register their patents and trademarks at the Ministry of Economy and Trade (MoET) before introducing them into the marketplace. Online registration is available through the ministry's website on <http://www.economy.gov.lb/index.php/subCatInfo/2/25/7/2>. It is also recommended to contact a local lawyer whenever confronted with an IPR violation. A list of lawyers

practicing in Lebanon is available at the U.S. Embassy's website at <http://lebanon.usembassy.gov/attorneys.html> .

The Office of the United States Trade Representative in its 2015 Special 301 report kept Lebanon on its "Watch List". That report highlighted that "the United States encourages Lebanon to continue its progress on pending IPR legislative reforms, including with respect to new draft laws (concerning trademark, geographical indications, and industrial designs) as well as amendments to Lebanon's copyright and patent laws. The United States notes that the enactment of revisions in 2015 to the copyright law would pave the way for ratification of the two WIPO Internet Treaties."

Problems persist, however, including the widespread availability of pirated optical discs. Registration of counterfeit pharmaceuticals also remains problematic, although the Government of Lebanon (GoL) issued a decree in 2008 aimed at improving the protection of undisclosed information used to secure marketing approval for pharmaceuticals. Counterfeiting of trademarked goods continues. The judiciary must improve the implementation of IP laws. There are several new IP laws and amendments to current laws pending parliamentary ratification that, if passed, would increase IP rights protection. Parliament approved Lebanon's accession to the WIPO Internet Treaties – the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) - in 2010. Lebanon has yet to submit its instruments of ratification, however, arguing that it must ensure passage of necessary amendments to the Copyright Law before it can implement the treaties. Other legislation, including laws needed to comply with the latest act of the Berne Convention for the Protection of Literary and Artistic Works, is also pending in parliament.

Protecting Your Intellectual Property in Lebanon:

Several general principles are important for effective management of intellectual property ("IP") rights in Lebanon. First, it is important to have an overall strategy to protect your IP. Second, it is important to recognize that IP is protected differently in Lebanon than in the United States. Third, rights must be registered and enforced in Lebanon under local laws. Your U.S. trademark and patent registrations will not automatically protect you in Lebanon. Most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions. In Lebanon, new products are officially protected when the patents, trademarks, and industrial designs are deposited with the MoET, without further examination. Copyrights are protected and enforced without registration; registration is optional for Lebanese and foreign right holders.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Lebanese market. The MoET launched online trademark registration in January 2013, available at <http://www.economy.gov.lb> . It is vital that companies understand that IP is a private right and that the U.S. Government generally cannot enforce rights for private individuals in Lebanon. It is the responsibility of the rights holders to register, protect, and enforce their IP rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Lebanese law. The U.S. Commercial Service can provide a list of local lawyers upon request. The list is available at: <http://lebanon.usembassy.gov/attorneys.html>

While the U.S. Government stands ready to assist where possible, there is little the U.S. Embassy in Lebanon can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list himself/herself as the IP owner and fail to transfer the rights back to you should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentives) of would-be bad actors. Projects and sales in Lebanon require constant attention. Work with legal counsel familiar with Lebanese laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting and piracy. There are a number of these organizations, both Lebanon- and U.S. - based. These include:

- The U.S. Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- American Lebanese Chamber of Commerce (Amcham)
- Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon (CCIAB)
- Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon (CCIAS)
- Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon (CCIAT)
- Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa (CCIAZ)
- Association of Lebanese Industrialists (ALI)
- Lebanese Franchise Association (LFA)
- Professional Computer Association (PCA)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit <http://www.STOPfakes.gov> .
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov>. The USPTO also has a regional IPR Attaché for the Middle East & North Africa, Aisha Salem, who can be reached via email at Aisha.Salem@trade.gov. For more information on the IPR Attaché program generally, please visit <http://www.uspto.gov/ip/global/attache/index.jsp> .
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov> .
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources> .
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit: <http://www.stopfakes.gov/business-tools/country-ipr-toolkits> . The toolkits contain detailed information on protecting and enforcing IP in specific markets, and also contain contact information for local IP offices abroad and U.S. Government officials available to assist SMEs.

Due Diligence

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U.S. firms wishing to do business in Lebanon are encouraged to conduct due diligence on their potential partners. To verify the bona fides of Lebanese companies, U.S. firms may request the U.S. Commercial Service International Company Profile (ICP) service. The ICP report includes factual data on the Lebanese firm's management, business activities, product lines, financial condition, credit-worthiness, trading experience, market coverage, and business connections in the country, as well as an embassy evaluation to help U.S. firms assess risks, reliability, and capability. More information is available at http://export.gov/Lebanon/eg_lb_035710.asp .

Local Professional Services

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American Lebanese Chamber of Commerce: <http://www.amcham.org.lb>
Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon:
<http://www.ccib.org.lb>

Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon:

<http://www.ccias.org.lb>

Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon:

<http://www.cciat.org.lb>

Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa:

<http://www.cciaz.org.lb>

Association of Lebanese Industrialists: <http://www.ali.org.lb>

Lebanese Franchise Association: <http://www.lfalebanon.com>

Professional Computer Association: <http://www.pca.org.lb>

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U.S. Commercial Service: <http://www.export.gov/Lebanon>

U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>

Bankmed

2015

Report:

<http://www.bankmed.com.lb/LinkClick.aspx?fileticket=47ZMy24Wf94%3D&portalid=0>

Council for Development and Reconstruction (CDR): <http://www.cdr.gov.lb>

Investment Development Authority of Lebanon (IDAL): <http://investinlebanon.gov.lb>

Ministry of Economy & Trade (MoET): <http://www.economy.gov.lb>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Apparel (APP)
 - Automotive (AUT)
 - Drugs/Pharmaceuticals (DRG)
 - Medical Equipment (MED)
 - Safety/Security Equipment (SEC)
-
- Agriculture Sector

Apparel (APP)

Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	606,000	634,000	626,000	626,000
Total Local Production	210,000	210,000	210,000	210,000
Total Exports	83,000	84,000	84,000	84,000
Total Imports	479,000	508,000	500,000	500,000
Imports from the U.S.	9,000	9,000	9,000	9,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Lebanese Customs statistics – Section 11 / Chapters 61, 62.

Lebanon has traditionally attracted a large number of Arab tourists and Lebanese expatriates who significantly boost retail activity in the country, resulting in steady growth in the apparel sector. However, the continuing political and security uncertainty in Lebanon due to spillover effects from the Syrian crisis has decreased the number of Arab tourists coming to Lebanon. This has weakened the consumption power in several sectors in Lebanon and impacted the growth of the apparel industry.

U.S. apparel exports to Lebanon reached USD 9 million in 2014, constituting around two percent of total apparel imports to Lebanon. Many U.S. brands, including American Eagle Outfitters, GAP, Gymboree, Marc Jacobs, Nautica, Nike, Polo Ralph Lauren, Rock and Republic Jeans, Seven Jeans, Tommy Hilfiger, Tory Burch, and True Religion Jeans, Under Armour, are popular in the Lebanese market.

Sub-Sector Best Prospects

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Demand for casual wear in Lebanon is high. Consequently, demand for U.S. apparel is expected to grow, as many Lebanese consider U.S. brands to be the leader in casual wear, according to industry specialists.

Lebanese buyers regularly travel to the Magic Apparel Show in Las Vegas and the Coterie Show in New York to explore the latest trends in the U.S. fashion industry.

Opportunities

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The U.S. Commercial Service provides a wide range of services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions, including Taste of America, to promote U.S. products and services in Lebanon.

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Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Commercial Section that covers the apparel sector:

Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov

Automotive (AUT)

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1,534,000	1,444,000	1,373,000	1,373,000
Total Local Production	0	0	0	0
Total Exports	31,000	29,000	27,000	27,000
Total Imports	1,565,000	1,473,000	1,400,000	1,400,000
Imports from the U.S.	234,000	219,000	200,000	200,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Lebanese Customs statistics – Section 17 / Chapter 87

The size of the automotive market in Lebanon witnessed a drop of six percent in 2014, with total imports valued at USD 1.473 billion. According to local importers, this drop was mainly attributed to the economic uncertainty in Lebanon due to spillover effects from the Syrian crisis. U.S. automotive exports to Lebanon decreased by 6.5 percent in 2014 to reach USD 219 million, representing 15 percent of total Lebanese automotive imports.

Sub-Sector Best Prospects

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Demand for Sport Utility Vehicles (SUVs) in Lebanon has been growing. According to private sector sources, around ten percent of cars imported into Lebanon are SUVs. This percentage is expected to increase due to the ability of SUVs to withstand poor road quality conditions throughout the country. Lebanese buy American SUVs because of their competitive price, high quality, and long record of success in the market. Moreover, demand for U.S. automotive parts such as brakes, clutches, engine lubricants, and safety accessories are increasing because they have demonstrated a quality advantage over foreign competitors.

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The U.S. Commercial Service provides a wide range of services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut.

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Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Commercial Section that covers the automotive sector:
Naaman Tayyar, Head of Commercial section, Email: Naaman.Tayyar@trade.gov

Drugs/Pharmaceuticals (DRG)

Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1,074,000	1,122,000	1,179,000	1,179,000
Total Local Production	19,000	19,000	19,000	19,000
Total Exports	36,000	38,000	40,000	40,000
Total Imports	1,091,000	1,141,000	1,200,000	1,200,000
Imports from the U.S.	107,000	113,000	120,000	120,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Lebanese Customs statistics – Section 6 / Chapter 30

With more than 50 pharmaceutical importers, Lebanon is the leading market for imported pharmaceutical drugs in the Levant. The pharmaceutical market in Lebanon is valued at over USD one billion, with potential growth of more than five percent yearly. Patented drugs constitute around 50 percent of the market, and over-the-counter (OTC) and generic drugs constitute around 25 percent each. Local pharmaceutical production is weak due to the high costs involved. As a result, imports constitute over 95 percent of the total available pharmaceutical products in the market.

According to the Lebanese Customs Authority, total pharmaceutical imports into Lebanon reached USD 1.141 billion in 2014, of which USD 113 million were imported from the United States. Local production covers less than five percent of the market and is mainly focused on manufacturing drugs under license for international companies.

There are many challenges facing the pharmaceutical sector in Lebanon. The high cost of pharmaceuticals is a particular challenge. Moreover, the legal framework governing pharmaceuticals is weak and constitutes a barrier to foreign investments, mainly for the introduction of new drugs. Registration of copycat and counterfeit pharmaceuticals remains problematic.

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According to local experts, U.S. pharmaceutical products have an advantage over European and Asian products in the biotechnology, high-tech, anti-cancer, and cardiovascular fields. Moreover, new leading American drugs that are not yet manufactured in Europe are typically well received in Lebanon.

Opportunities

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There are no specific opportunities or trade events in Lebanon geared to promote U.S. pharmaceutical products. The U.S. Commercial Service provides a wide range of services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes activities to promote U.S. products and services in Lebanon.

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Ministry of Public Health: <http://www.moph.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Commercial Section that covers the drugs/pharmaceuticals sector:
Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov

Medical Equipment (MED)

Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	285,000	286,000	286,000	286,000
Total Local Production	1,000	1,000	1,000	1,000
Total Exports	9,000	8,000	8,000	8,000
Total Imports	293,000	293,000	293,000	293,000
Imports from the U.S.	75,000	67,000	67,000	67,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Lebanese Customs statistics – Section 18 / Chapter 90.

According to the Lebanese Customs Authority, Lebanon's imports of medical equipment reached USD 293 million in 2014, out of which USD 67 million were imported from the United States. Total medical equipment imports to Lebanon were at similar levels in 2014 compared to 2013, but U.S. market share decreased by 11 percent. According to local experts, medical equipment imports into Lebanon during the coming two years are expected to stay at 2014 levels, partly due to the presence of Syrian refugees in Lebanon, many of whom require medical assistance.

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According to local experts, U.S. medical equipment products are characterized by their high quality and competitive value, despite the strength of the dollar in relation to the euro.

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Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq, since the Lebanese market has traditionally been used as a platform for testing U.S. products prior to introducing them to the rest of the Levant market.

The U.S. Commercial Service provides a wide range of services including Gold Key Service and International Partnership Search which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Lebanon.

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Ministry of Public Health: <http://www.moph.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Commercial Section that covers the medical equipment sector:
Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov

Safety/ Security Equipment (SEC)

Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	23,000	23,000	23,000	23,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	23,000	23,000	23,000	23,000
Imports from the U.S.	1,000	1,000	1,000	1,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Lebanese Customs statistics –Chapter 93 (arms and ammunitions).

Due to the ongoing political and security uncertainty, Lebanon's demand for products and services related to internal security remains high and is expected to grow steadily in the coming years. The safety and security market in Lebanon is dominated by government agencies, which are represented by the Ministry of Interior, Ministry of Defense, Lebanese Armed Forces, Internal Security Forces, Directorate of General Security, Civil Defense Directorate, Lebanese Customs Authority, Beirut International Airport, Central Bank of Lebanon, Beirut Port, and the Civil Aviation Authority.

To do business in the safety and security market in Lebanon, American companies are advised to find a local representative, especially if working with the government agencies. They also need to determine through appropriate U.S. government agencies whether their products need an export license before shipping. Export licenses are issued either by the State Department or the Bureau of Industry and Security at the Department of Commerce, depending on the product and end use of the product. For further information, please consult the U.S. Department of Homeland Security's Bureau of Industrial Security at <http://www.bis.doc.gov>.

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According to industry sources, in addition to arms and ammunitions which are purchased only by government agencies and authorities (except for a small market for hunters), there is high demand in the private sector for CCTV and surveillance systems, access control and alarm signaling equipment, metal detectors, x-ray and handheld scanners, firefighting and fire protection systems, safety and property security systems, anti-bank fraud software and electronic security.

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Given the ongoing political and security uncertainty in Lebanon due to spillover effects from the Syrian crisis, demand for safety and security equipment and services within the

public and private sectors remains high. Private sector entities include shopping malls, hotels, banks, universities, residences, and private security companies.

Although Lebanon is a price sensitive market, quality is an important factor, particularly in safety and security equipment. The increasing demand for high-quality security equipment and services gives a big advantage to American companies, which enjoy an excellent reputation in Lebanon due to their high reliability.

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Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Commercial Section that covers the safety and security sector:

Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov

Agricultural Sectors

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According to Lebanese Customs' statistics (chapters 1-24), Lebanon's total agricultural imports reached USD 3.616 billion in 2014. Of that total, USD 140 million, or 3.8 percent of the total, were from the United States. Major U.S. agricultural exports to Lebanon include edible fruits and nuts (USD 29 million), residues from the food industries (USD 24 million), miscellaneous edible preparations (USD 24 million), cereals (USD 20 million), animal or vegetable fats and oils (USD five million), meat (USD three million), beverages, spirits, and vinegar (USD three million), and dairy products (USD two million).

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Lebanese Customs Authority: <http://www.customs.gov.lb>

Contact for the Commercial Section that covers the agriculture sector:

Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov

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Import Tariffs

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More than 83 percent of imported goods are subject to duties equal to or below five percent. The Lebanese Customs' website (<http://www.customs.gov.lb>) provides a searchable database that displays import duties by tariff number.

In general European goods are exempted from customs fees in accordance with European Mediterranean Association Agreement and European Free Trade Association (EFTA) agreement effective March 1, 2015, with minor exceptions. In addition goods from several Arab countries are also exempted from customs fees in accordance with the Greater Arab Free Trade Area (GAFTA) Agreement.

Trade Barriers

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Trade barriers affect less than one percent of imports and exports of goods and can be imposed by ten different Lebanese government state bodies. Such measures include prohibitions and requirements for licenses, technical certificates, veterinary certificates, and phyto-sanitary certificates. All goods subject to import and export prohibitions could be also prohibited from transiting Lebanon. A limited number of goods (e.g., weapons) are subject to more than one trade measure. To find out whether a specific product is subject to non-tariff barriers, consult the Lebanese Customs' website at <http://www.customs.gov.lb> or Lebanon's Non-Tariff Measure Survey published on the World Trade Organization (WTO) trade section of the Ministry of Economy and Trade's website at http://www.economy.gov.lb/public/uploads/files/6663_7005_5324.pdf

Import Requirements and Documentation

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Import processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Bill of lading

- Packing list
- Commercial invoice (original)
- Delivery order (to prove ownership of goods)
- Quietus from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments
- Contract of sale between importer and seller in the country of exportation, or a letter of credit from the bank stating that the invoice value is paid or will be paid in a specified time limit (may be requested for value verification only in case customs officers doubt the invoice value)
- Certificate of origin, issued by the authorized party of the country of exportation if the invoice does not mention the origin of the goods, or in case the importer wishes to benefit from preferential treatment if the exporter is not approved by the customs authorities of the exporting country
- Depending on the type of imported good, a number of other documents may also be required, including import licenses, certificates of conformity to mandatory standards, or phyto-sanitary certificates

Export processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Packing list
- Commercial invoice (original)
- Export order
- Quietus from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments
- Certificate of origin issued by the Ministry of Industry and certified by the Lebanese Customs Authorities for exporting goods to Europe in accordance with protocol number 4 with the EU
- Depending on the type of exported good, a number of other documents may also be required including export licenses, certificates of conformity and export certificates for quality verification for all food products of plant origin, and agricultural health certificates

U.S. Export Controls

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Lebanon is not subject to special sanctions. In principle, all exports require a license, though in practice the vast majority of U.S. exports fall under a “general license” that allows export without obtaining permission from the Bureau of Industry and Security (BIS) in the U.S. Department of Commerce (<http://www.bis.doc.gov>). When doing business with Lebanon, U.S. exporters should consider the below U.S. export regulations:

- For a number of items, specific export licenses are required. These items include products whose high-tech nature implies that export may involve a national security risk. Contacting BIS will enable an exporter to determine whether or not a specific item requires a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

U.S. companies need to verify whether the U.S. government has blacklisted a particular Lebanese company or individual as a result of past violations of export regulations or for other reasons. U.S. companies should consult the BIS Denied Persons List and the Treasury Department Office of Foreign Assets Control's Specially Designated Nationals List, which are available online at <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list> and <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>

Temporary Entry

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There are two types of permits for the entry of temporary goods into Lebanon.

Customs grants a regular temporary entry permit to foreign products that will be manufactured or under processing in Lebanon and then re-exported outside Lebanon or displayed in free zones. This permit is valid for six months and is renewable, provided that the total such period shall not be for more than two years.

The Director General of customs may grant a special temporary entry permit for a range of products intended for temporary use. However, the period of the permit is limited to three months. Goods subject to the special permit, referring to Article 278 of the Lebanese Customs Law, might include the following:

- Equipment and machinery used in public works, archeology, cinema, and journalism.
- Items intended or used for maintenance and repair.
- Items temporarily imported for display or use in public or private exhibitions, seasonal fairs, forums, theaters, artistic shows, and playgrounds.
- Jewelry and ornaments intended for display in public exhibitions. Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon and then re-exported.

The items should be re-exported or stored in the free zone or a public warehouse at the end of the authorized period of temporary entry status.

The products mentioned above may be temporarily imported by using "Admission Temporaire/Temporary Admission" (ATA) books rather than the regular entry declarations. The period of import is set at six months.

In addition, foreigners and Lebanese citizens whose place of residence is outside Lebanon can benefit from temporary entry for their personal effects and cars in accordance with Articles 282 and 283 of the Lebanese Customs Law.

More information can be found on http://www.customs.gov.lb/customs/laws_regulations/trader_guides.asp

Labeling and Marking Requirements

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Labels should include the net weight of the product, the manufacture, production and expiry date, ingredients, and the country of origin. Labels should be printed on the imported goods in Arabic, English, or French. Products with labels in Hebrew are not accepted. For more information, please contact the Ministry of Economy and Trade at <http://www.economy.gov.lb>

Prohibited and Restricted Imports

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Prohibited imports that are strictly prohibited by laws, regulations, and decisions of relevant authorities or by virtue of the International Agreements in which Lebanon is a party or a member include the following:

- Cedar seeds and seedlings (to protect Lebanese cedar species)
- Chemical improvers used in bread making (health measure)
- Table salt not containing iodine (health measure)
- Waste/slag/ash/scrap of many chemical, mineral, and metal products (environmental measure)
- Clinker and black cement (protection of local industry)
- Passenger vehicles older than eight years and transport vehicles older than five years (environmental measure)
- Used medical and radiological apparatuses (health measure)
- Gas-fueled pocket lighters (safety measure)
- Wireless phone sets that function on the 900 Megahertz bandwidth
- Goods bearing false marks and labels indicating their origin
- Goods manufactured in or originating from Israel

Monopolized and restricted goods must be treated similarly to prohibited goods upon import and export; therefore, such goods will be seized whenever a license, permit or any other legal document is not attached or whenever irrelevant documents are attached.

Customs Regulations and Contact Information

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Lebanon follows the harmonized system for its tariff regime. Lebanon's modern customs law simplifies and expedites customs procedures, adopts international standards for the valuation of goods, applies modern and fair dispute settlement procedures, allows for electronic declaration of goods, and fosters the development of industrial and free zones. This law has reduced delays and administrative burdens in clearing imported products through Customs at the airport and ports, but exporters are advised to contact local customs agents to expedite the clearing process. Customs has been very active in introducing online operations for its automated clearance system, thereby allowing traders and custom brokers to enter and track customs declarations online. When fully implemented, users will be able to register online, as well as assess and pay declarations directly from their bank accounts.

For further information on customs procedures, please refer to the Lebanese Customs' website at <http://www.customs.gov.lb>

Key contacts:

General Directorate of Customs

Beirut, Lebanon

Tel: 961-1-980060/1/2/3

Fax: 961-1-983256

Higher Council for Customs

Beirut, Lebanon

Tel: 961-1-988500/1

Fax: 961-1-988080

Standards

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The Lebanese Standards Institution (LIBNOR) is a public institution attached to the Ministry of Industry. Established in 1962, LIBNOR is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards as well as granting the Lebanese Conformity Mark NL. A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health, Environment, Agriculture, Economy and Trade, and Public Works and Transport) issue technical regulations related to products in the form of ministerial decisions and decrees issued by the cabinet.

Standards Organizations

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LIBNOR has signed the World Trade Organization's TBT (Technical Barriers to Trade) code of good practice for the preparation, adoption and application of standards, and is taking an active role in international standardization activities (even though Lebanon is not a member of the WTO). Programs for drafting standards are set annually. LIBNOR's Board of Directors approves the annual plans, submitted by LIBNOR's Director General, for preparing new standards or amending existing ones. The annual program for drafting standards is also available through LIBNOR's website (<http://www.libnor.org>), and is updated annually.

LIBNOR is a member of International Organization for Standardization (ISO) the Codex Alimentarius Commission, the Arab Industrial Development and Mining Organization (AIDMO) and an affiliate member of the European Committee for Standardization (CEN).

NIST Notify U.S. Service

Member countries of the WTO are required under the Agreement on Technical Barriers to Trade to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

Conformity Assessment

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The following nine laboratories are the main national testing bodies in Lebanon:

- The laboratories of the Industrial Research Institute (IRI), affiliated with the Ministry of Industry, test for all types of products.
- The central laboratory at the Ministry of Public Health (for food products).
- The laboratory of the Agricultural Research Institute at the Ministry of Agriculture (for food products).
- The American University of Beirut laboratory of chemistry and pharmacology.
- The French Medical Institute laboratory of chemistry and pharmacology at Saint Joseph University.
- The nuclear medicine laboratory at Notre Dame du Liban Hospital.
- The National Council for Scientific Research laboratory under the Lebanese Atomic Energy Commission.
- The Quality Control Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Tripoli and North Lebanon.
- The Food Quality Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Zahle and the Bekaa.

Product Certification

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LIBNOR is the sole authority to give the right to use the Lebanese Conformity Mark (NL Mark). This mark proves the compliance of products to Lebanese standards and is based on a scheme combining quality management system and product standards. The Industrial Research Institute provides certificates of conformity with standards and purchase requirements. Certificates of conformity or quality issued by foreign companies, such as SGS and Veritas, are also honored in Lebanon.

In addition, several ministries issue certificates of conformity. The Ministry of Agriculture has the authority to issue certificates of conformity for exported agricultural products. The Ministry of Economy and Trade issues conformity and export certificates at the request of the exporter. The Ministry of Public Health issues health certificates at the request of the exporter. There are no mutual responsibility agreements with U.S. organizations.

Accreditation

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Conseil Libanais D'Accréditation (COLIBAC), which is attached to the Ministry of Industry, is the only accreditation body in Lebanon. COLIBAC is not yet functional, and some of the Lebanese laboratories are accredited by foreign accreditation bodies. The IRI chemical and micro-biological laboratories are accredited.

Publication of Technical Regulations

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Lebanese standards are voluntary, but when approving Lebanese standards, and based on the recommendation of the relevant technical committee, LIBNOR's Board of Directors may ask for the mandatory application of a standard if it affects public health or safety. In this case, a decree from the Council of Ministers (i.e. the Cabinet) is published based on the request of the Ministry of Industry. Because Lebanon is not yet a WTO member, there is no formal procedure for notification. U.S. entities can comment on technical regulations via e-mail to LIBNOR. LIBNOR has also established a WTO/TBT inquiry point which opened in 2012.

Labeling and Marking

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Labels on containers and packages require the display of the size, weight or quantity of the goods contained therein, manufacture, production and expiry date, ingredients, and the country of origin. The consumer protection division at the Ministry of Economy and Trade currently enforces this law. Failure to comply with the requirements subjects the violator to penalties.

Contacts

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LIBNOR is the national inquiry point in Lebanon on standards and technical regulations resulting from conversion of standards.

LIBNOR

Maatouk Bldg

City Rama Street, Sin El-Fil

PO Box 55120

Beirut, Lebanon

Tel: 961-1-485 927/8

Fax: 961-1-485 929

E-mail: info@libnor.org

Website: <http://www.libnor.org>

The standards point of contact at the U.S. Embassy in Beirut can be reached at <http://www.export.gov/lebanon>.

Trade Agreements

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Lebanon is traditionally a country with a free and open trade regime. Efforts towards trade liberalization have been focused on the European Union (EU), the World Trade Organization (WTO), and the Arab world.

Lebanon has neither a free trade arrangement nor a bilateral investment treaty with the United States, although on December 1, 2006, the two countries signed a Trade and Investment Framework Agreement (TIFA). The TIFA is designed to help both countries promote an attractive investment climate, expands trade relations, and removes impediments to trade and investment. However, no meetings have been held under the Agreement to date.

Having gained observer status to the WTO in 1999, Lebanon held its seventh working party meeting in October 2009. Accession has been stalled for several years, however, due to a lack of engagement from the Lebanese government.

Lebanon's Euro-Mediterranean Partnership agreement came into force in April 2006. The agreement provides for reciprocal free trade on the majority of industrial goods. It also liberalizes trade on a large basket of agricultural and processed agricultural goods. The Euro-Med Partnership aims at establishing a free trade area for the Mediterranean region; efforts to achieve this goal are ongoing.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement (FTA). In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next ten years. Lebanon has also signed the Greater Arab Free Trade Area Agreement (GAFTA), which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following countries (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen.

Lebanon has signed bilateral tax conventions with 32 countries, but not with the United States.

More information about trade agreements can be found at the Ministry of Finance website at:

<http://www.finance.gov.lb/en-US/finance/InvestmentTaxAgreements/Pages/default.aspx>

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Lebanese Customs Authority: <http://www.customs.gov.lb>
LIBNOR: <http://www.libnor.org>
Ministry of Economy and Trade: <http://www.economy.gov.lb>
Ministry of Finance: <http://www.finance.gov.lb>
Ministry of Industry: <http://www.industry.gov.lb>
Bureau of Industrial Security (BIS): <http://www.bis.doc.gov>

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Openness to Foreign Investment

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Attitude toward Foreign Direct Investment:

Traditionally, Lebanon has remained open to foreign direct investment (FDI). Over the last ten years, GoL had passed several laws and decrees to encourage FDI, however as of recently little progress has been made. The Investment Development Authority of Lebanon (IDAL) possesses the authority to award licenses and permits for new investment in specific sectors. IDAL also has the authority to grant special incentives, exemptions, and facilities to large projects, whether implemented by local or foreign investors. IDAL has further expanded its support to encourage agricultural exports through a new program called Agri-Plus. This program provides financial incentives and different promotional and marketing resources to qualified exporters. IDAL is currently working to promote investment opportunities in Business Process Outsourcing sector, specifically as it relates to IT services. Furthermore, IDAL facilitates the creation of strategic international and local partnerships through joint ventures, equity participation, acquisition, and other mechanisms. It provides legal and administrative advice as well as sectorial studies to support potential investors. In 2014, IDAL processed 12 investment projects that applied for incentives and business support services. Half of these projects received approval to benefit from IDAL's incentives granted by Investment Law No. 360, while the rest were still in the pipeline as of March 2015. The approved projects are valued at USD 77.8 million and are expected to generate more than 437

jobs when implemented. Updated information on IDAL and its incentives can be found on their website: <http://investinlebanon.gov.lb>

The government continues to express a strong commitment to improving the business environment, as well as encouraging domestic and foreign investment and public-private partnerships. The Ministry of Economy and Trade (MoET) has revitalized efforts to support micro- and medium-sized enterprises and start-up firms. It also introduced e-registration for copyright and trademarks. Nevertheless some of these efforts have slowed down. For example, the Ministry of Economy and Trade's (MoET) amendments to the Code of Commerce seeking to streamline business and intellectual property legislation are still pending parliamentary approval.

Other Investment Policy Reviews

Lebanon is not a member of either the Organization for Economic Co-operation and Development (OECD) or the World Trade Organization (WTO). The United Nations Conference on Trade and Development (UNCTAD) last performed an investment policy review in 2003. The Investment Development Authority of Lebanon (IDAL) produces its own reports on key sectors. Those reports are available online on http://investinlebanon.gov.lb/en/sectors_in_focus

Laws/Regulations of Foreign Direct Investment

A foreigner can establish a business under the same conditions to those of a Lebanese national, provided that the business is registered in the Commercial Registry. Foreign investors who do not manage their business from Lebanon do not need to apply for a work permit. However, foreign investors who own and manage their business within Lebanon must apply for an employer work permit and a residency permit. The employer work permits stipulate that a foreign investor's capital contribution cannot be less than USD 67,000, and the investor is also required to hire three Lebanese and register them at the National Social Security Fund (NSSF) within the first six months of employment.

Companies established in Lebanon must abide by the Lebanese Commercial Code, and are required to retain the services of a lawyer to serve as a corporate agent. The local courts are in charge of enforcing contracts. There are no sector-specific laws on acquisitions, mergers, or takeovers, with exception of bank mergers.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see "Real Property" section). Foreign investors can generally establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company without difficulty. Specific requirements apply for holding and offshore companies, real estate, insurance, media (television and newspapers), and banking.

Under Lebanese law, the establishment of joint-stock corporations, limited liability, and offshore and holding companies are allowed. However, offshore and holding companies must be joint-stock corporations (Société Anonyme Libanaise - SAL). These are governed in separate chapters under the Lebanese Commercial Code.

As a one-stop-shop for investors, IDAL has a website that provides updated information on investment legislation, regulations and starting a business. For more information,

please visit <http://investinlebanon.gov.lb> . IDAL's proposed changes to laws and regulations on foreign direct investment, including amending requirements for IT companies to benefit from IDAL incentives, are still pending government approval.

Industrial Promotion

IDAL is currently focusing on promoting investments in the following sectors: agriculture, agro industry, industry, information technology, media, technology, telecommunications, and tourism. Information on sectors in focus and incentives provided are available on IDAL's website, and are provided through conferences and meetings with stakeholders, including an annual meeting with the Association of Industrialists.

Limits on Foreign Control

Limitations related to foreign participation include a general limitation on management participation (Article 144 stipulates that the majority of the board of directors should be Lebanese); indirect limitation with regard to acquisition of capital shares (Article 147); limitation on capital shares with regard to public utilities (Article 78); and limitation on capital shares and management with regard to exclusive commercial representation (Legislative Decree No. 34/67, dated August 5, 1967). In the financial sector, most establishments, including those in banking and insurance, must take the form of a joint-stock company.

A limited liability company (Société à Responsabilité Limitée - SARL) is governed by Legislative Decree No. 35, dated August 5, 1967. It can be 100 percent owned and managed by a non-Lebanese.

Holding and offshore companies follow the legal form of a joint-stock corporation and are governed by Legislative Decree No. 45 (on holdings) and Legislative Decree No. 46 (on offshore companies), both dated June 24, 1983, and amended by Law No. 19, dated September 5, 2008. A foreign non-resident chairman/general manager of a holding or an offshore company is exempt from the obligation of holding work and residency permits. Law No. 772, dated November 2006, exempts holding companies from the obligation of having two Lebanese persons or legal entities on their board of directors. All offshore companies must register with the Beirut Commercial Registry. Offshore banking, trust, and insurance companies are not permitted in Lebanon.

Law No. 296, dated April 3, 2001, which amended the 1969 Law No. 11614, governs foreign acquisition of property. The 2001 law eased legal limits on foreign ownership of property to encourage investment in Lebanon, especially in industry and tourism; abolished discrimination for property ownership between Arab and non-Arab nationals; and lowered real estate registration fees from six percent for Lebanese and 16 percent for foreigners to five percent for both Lebanese and foreign investors. The law permits foreigners to acquire up to 3,000 square meters (around 32,000 square feet) of real estate without a permit, as acquiring more than this requires cabinet approval. Cumulative real estate acquisition by foreigners may not exceed three percent of total land in each district. Cumulative real estate acquisition by foreigners in the Beirut region may not exceed ten percent of the total land area. The law prohibits acquisition of property by individuals not holding an internationally recognized nationality. This restriction is primarily aimed at preventing Palestinian refugees residing in Lebanon from permanently settling in the country.

Privatization Program

Lebanon is currently focusing on the implementation Law No 431 on telecommunications privatization, which includes the corporatization of Liban Telecom and its eventual privatization. In 2014, the Higher Council for Privatization (HCP) – at the request of the Minister of Telecommunications – started preparing for the implementation of the corporatization of Liban Telecom. Starting in early 2015, the Minister has been meeting with the HCP and the Telecom Regulatory Authority (TRA) to prepare for the creation of Liban Telecom, a state-owned corporation that would provide fixed, mobile, and data services.

In April 2014, Parliament passed a law authorizing the cabinet to issue Independent Power Producers (IPP) licenses to investors, but no action has been taken by the cabinet so far.

A revised Public-Private Partnership (PPP) Law is being discussed in the Budget and Finance parliamentary committee, but official sources believe it could take at least several months to pass. In anticipation of the passage of the PPP Bill, the Higher Council for Privatization in February 2014 issued guidelines for PPP, posted on its website: <http://www.hcp.gov.lb> . Ratification of the PPP legislation could open new opportunities for local and international private sector investment in Lebanon.

Screening of FDI

There are no mechanisms in place to screen FDI in Lebanon.

Competition Law

Lebanon has not enacted a law that governs competition. Local courts review transactions for competition-related claims.

Investment Trends

As a result of the regional turmoil and the Syrian crisis, investors for the last four years have kept a wait-and-see attitude. Investment decisions are being delayed. Foreign direct investment has been on a declining trend since 2011. However, domestic investment has been aided by the sustained loan growth in the banking sector, in part as a result of successive stimulus packages from the Central Bank.

Table

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	136 of 174	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	104 of 189	doingbusiness.org/rankings

Global Innovation Index	2014	77 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 9,870	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Foreign Exchange

There are no restrictions on the movement of capital, capital gains, remittances, dividends, or the inflow and outflow of funds. The conversion of foreign currencies or precious metals is unfettered. Foreign currencies are widely available and can be purchased from commercial banks or money dealers at market rates. Lebanon's Central Bank, the Banque du Liban (BdL), posts a daily local currency-exchange rate on its website: <http://www.bdl.gov.lb/>. On average, the local currency (the Lebanese Lira, or Pound, LBP) has been pegged to the USD at LBP 1,507.5 per USD 1 since 1988; however, the dollar continues to trade in the local economy at LBP 1,500. The BdL has repeatedly expressed its commitment to maintaining a stable currency. Lebanon has one of the most heavily dollarized economies in the world, and businesses commonly accept payment (and return change) in a combination of LBP and USD.

Remittance Policies

There are no delays in remitting investment returns except for the normal time required by the banks to carry out transactions. There are no surrender requirements for profits earned overseas.

Lebanon is a founding member of the Middle East and North Africa Financial Action Task Force (MENAFATF). Its most recent mutual evaluation can be found at: <http://www.menafatf.org/MER/MutualEvaluationReportoftheLebaneseRepublic-English.pdf>. At the MENAFATF 20th Plenary on November 18-20, 2014, in Bahrain, Lebanon had its fourth follow-up review that resulted in "enhanced follow-up" review status. The fifth follow up review will take place at the MENAFATF 21st Plenary in April, 2015, in Muscat. Efforts are underway in order to get back to "regular follow up" review status.

Expropriation and Compensation

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Land expropriation in Lebanon is relatively rare. The Law on Expropriation (Law No. 58, dated May 29, 1991, Article One), as well as Article 15 of the Constitution, specifies that expropriation must be for the public utility and calls for fair and adequate compensation. Compensation is paid at the time of expropriation, but is often perceived as below fair market value. The government does not discriminate against foreign investors, companies, or their representatives when dealing with expropriations.

The government, with the agreement of the parliament, established in the mid-1990s three real estate companies to encourage reconstruction and development in Greater

Beirut: private corporation Solidere, for Beirut's downtown commercial center; private corporation Linord, for northern Beirut; and public institution Elyssar, for the southwest suburbs of Beirut.. However, Linord has been dormant for years, and Elyssar's projects have stalled since 2007. These three companies have been granted the authority to expropriate certain lands for development as per the Law on Expropriation, although in doing so, they have faced serious legal challenges from landowners and squatters. Several court cases are still pending against Solidere after 19 years of litigation.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Lebanon has a civil (Roman and Codified Law) legal system. Ownership of property is enforced by registering the deed in the property registry. Lebanon has a written commercial law and contractual law. Lebanon has commercial, civil and penal courts, but no specialized courts to hear intellectual property (IP) claims. However, the Lebanese judicial system is slowly becoming familiar with IP issues, and IP claims are being handled by civil and/or penal courts. In general, the current judicial process to address IP cases is competent and reliable on a procedural basis; however, compensation sometimes is perceived not to be fair.

Lebanon has an administrative court, the State Council, which handles all kinds of disputes involving the state.

Local courts accept investment agreements drafted subject to foreign jurisdiction, if they do not contradict Lebanese law. Judgments of foreign courts are enforced subject to the "Exequatur" obtained. Cases in Lebanese courts are not settled rapidly because of archaic procedures, a shortage of judges, inadequate support structures, and a traditional slowness in the handling of cases. In addition, politicians and powerful lobbying groups sometimes interfere in the court system.

Bankruptcy

The Commercial Code (Book No. 5, Articles 459-668) and the Penal Code govern insolvency and bankruptcy. By law, a secured creditor has a right to share in the assets of a bankrupt party. Verdicts involving monetary values in contract cases are made according to the currency of the contract or its equivalent in Lebanese Pounds at the official conversion rate on the day of the payment. Workers can resort to the Labor court and the National Social Security Fund to recover pay and benefits from local and foreign firms in bankruptcy.

Investment Disputes

In the past, the government has faced some challenges related to previously-awarded contracts. In order to resolve disputes they have resorted to international arbitration. To post's knowledge, there are no known new cases. In 2005, the International Chamber of Commerce (ICC) issued an award in favor of two cellular networks, Cellis (which was two-thirds owned by France Telecom) and Libancell, whose contracts were terminated by the government in 2001. The government subsequently negotiated a settlement for

compensation. In 2010, the government settled a dispute with a Chinese contracting company working to expand the northern port of Tripoli.

International Arbitration

International arbitration is accepted as a means for settling investment disputes between private parties. The Lebanese Centre for Arbitration was created in 1995 by local economic organizations, including the Lebanese chambers of commerce, industry, and agriculture. The Centre role is to resolve domestic and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce (ICC) in Paris, and its conciliation and arbitration rules are modeled on those of the Paris ICC.

The government accepts international arbitration related to investment disputes. In cases involving concessions or State projects, the government does not accept binding international arbitration unless the contract includes an arbitration clause that was obtained through prior approval by cabinet decree. However, there is an exception for investors of countries that have a signed and ratified investment protection agreement with Lebanon that stipulates international arbitration in case of dispute.

ICSID Convention and New York Convention

Lebanon is a member of the International Center for the Settlement of Investment Disputes (ICSID Convention). In 2007 Lebanon ratified the 1958 Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). Lebanese law is in conformity with both conventions.

Duration of Dispute Resolution

Cases in Lebanese courts are not resolved quickly due to inefficiency; shortage of judges, inadequate administrative staff and technology, and poor case management. Commercial litigation in Lebanese courts on average can take between eight to ten years. Politicians and powerful lobbying groups sometimes interfere in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, if they do not contradict Lebanese law. Judgments of foreign courts are enforced subject to the “*exequatur*” obtained.

Performance Requirements and Incentives

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WTO/TRIMS

Lebanon does not have World Trade Organization (WTO) membership, but has held observer status since 1999.

Investment Incentives

Lebanese legislation does not impose performance requirements on investments. There are no requirements on foreign investors regarding geographic location, amount of local content, import substitution, export expansion, technology transfer, offset requirements, or source of financing. Investors are not required to disclose proprietary information as part of the regulatory approval process, except in the case of banks, which must obtain

the Central Bank's (BdL) approval for transfer of ownership of shares in most cases (BdL circulars are posted on <http://www.bdl.gov.lb>).

The Investment Law divides Lebanon into three investment zones, with different incentives provided in each zone, and it encourages investments in the fields of technology, information, telecommunications and media, tourism, industry, and agriculture and agro-industry. Incentives include facilitating issuance of permits for foreign labor, tax incentives ranging from a 50 percent tax reduction for five years on income tax and tax on the distribution of dividends to total exemption of these taxes for 10 years starting from the date of operation (tied to the issuance of the first invoice), and exempting companies that list 40 percent of their shares on the Beirut Stock Exchange from income tax for two years. The Investment Law also allows for the introduction of tailor-made incentives through package deals for large investment projects, regardless of the project's location, including tax exemptions for up to 10 years, reductions on construction and work permit fees, and a total exemption on land registration fees. IDAL may exempt joint-stock companies that benefit from package deal incentives from the obligation of having a majority of their board of directors be Lebanese (Law No. 771, dated November 2006). Investors who seek to benefit from facilities in the issuance of work permits under "package deals" must hire two Lebanese for every foreigner and register them with the NSSF. Amendments to the Investment Law that would increase incentives provided to companies and increase the pool of start-ups operating in the ICT sector that could benefit from the incentives await parliamentary approval.

Other laws and legislative decrees provide tax incentives and exemptions depending on the type of investment and its geographical location. Industrial investments in rural areas benefit from tax exemptions of six or 10 years, depending on specific criteria (Law No. 27, dated July 19, 1980, Law No. 282, dated December 30, 1993, and Decree No. 127, dated September 16, 1983). Exemptions are also available for investments in south Lebanon, Nabatiyeh, and the Bekaa Valley (Decree No. 3361, dated July, 2, 2000). For example, new industrial establishments manufacturing new products will benefit from a 10-year income tax exemption. Factories currently based on the coast that relocate to rural areas or areas in south Lebanon, Nabatiyeh, and the Bekaa Valley benefit from a six-year income tax exemption. In April 2014, parliament enacted a law to reduce income tax on industrial exports by 50 percent.

More information can be found on IDAL's website:

http://investinlebanon.gov.lb/en/doing_business/investment_incentives

The government reduces the tax dividend to five percent for companies listed on the Beirut Stock Exchange (BSE). It also reduces the tax dividend to five percent for companies that open up 20 percent of their capital to Arab companies listed on their country's stock exchange or for foreign companies listed on the stock exchange of OECD countries, and for companies that issue Global Depository Receipts (GDRs) amounting to a minimum value of 20 percent of their shares listed on the BSE.

Domestic and foreign investors may benefit from a 4.5 percent subsidy on interest on new loans granted after 1/1/2012, for amounts up to USD ten million per project (with a ceiling of USD 40 million) provided by banks, financial institutions, and leasing companies to industrial, agricultural, tourism, and information technology establishments. The subsidy extends for a maximum of seven years, with a grace period of two years. This program has been extended until the end of 2015. Investors

can also benefit from loan guarantees from Kafalat, a semi-private financial institution that assists small- and medium-sized enterprises (SMEs) in accessing subsidized commercial bank loans, with a grace period of two years.

Domestic and foreign investors may also benefit from regulations issued by the Central Bank (BdL) to stimulate economic activity. Since January 2013, the BdL has launched a total of approximately USD four billion in several stimulus packages available to commercial banks to stimulate lending to the private sector at a reduced cost for housing loans, investment in productive sectors, energy-saving and renewable energy projects, and to finance new projects or develop existing ones. Moreover, in August 2013, the BdL issued circular No. 331 authorizing banks to directly invest in technology start-ups up to two to three percent of equity by providing banks, with interest-free facilities over a maximum period of seven years. It also issued a circular indicating that, in cooperation with the EU, the Central Bank will start to subsidize loans of USD five million or less that are extended to finance environmentally-friendly energy projects.

Customs exemptions are granted to industrial warehouses for export purposes. Companies located in the Beirut Port or the Tripoli Port Free Zone benefit from customs exemptions and are exempt from the value-added tax (VAT) for export purposes. They are also not required to register their employees with the NSSF if they provide equal or better benefits.

Research and Development

U.S. and foreign firms are able to participate in government authority-financed and/or subsidized research and development programs.

Performance Requirements

The government mandates local employment, and the Ministry of Labor issues yearly a list of jobs restricted to Lebanese. Foreign and local participation in the board of directors is specified in the status of the companies, according to Lebanese commercial law.

Foreign investors enjoy the same incentives as local investors. Foreigners doing business in Lebanon through a company, factory, or office must have work and residency permits. There are no discriminatory or excessively onerous visas, residence, or works permit requirements. Registration with a chamber of commerce is required for the import and handling of a limited number of products that are subject to control requirements for safety reasons, but products with special import requirements constitute less than one percent of total tradable goods. Registration at the chambers of commerce is required for ensuring that established facilities meet safety, handling, and storage requirements.

Foreign investors who do not manage their business from Lebanon do not need to apply for a work permit. However, foreign investors who own and manage their business from Lebanon must apply for an employer work permit and a residency permit. The employer work permit stipulates that the investor's share in the capital be not less than USD 67,000, and that the investor pledge to hire three Lebanese and register them at the National Social Security Fund (NSSF) within six months.

Data Storage

Lebanon does not follow any “forced localization” policy, nor have foreign IT providers been required to turn over source code or provide access to surveillance. Lebanon’s Central Bank requires all banks to keep data backups in Lebanon, while service providers are required to do the same.

Right to Private Ownership and Establishment

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The right to private ownership is respected in Lebanon. Foreign private entities can establish, acquire, and dispose of interests in business enterprises, and can engage in all kinds of remunerative activities.

Protection of Property Rights

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Real Property

The concept of a mortgage exists, and secured interests in property, both movable and real, are recognized and enforced. Such security interests must be recorded in the Commercial Registry and the Real Estate Registry. The Real Estate Law governs acquisition and disposition of all property rights by Lebanese nationals, while Law No. 296, dated April 3, 2001, governs real estate acquisition by non-Lebanese.

Intellectual Property Rights

Although Lebanon is not a member of the World Trade Organization, (WTO), Lebanon’s intellectual property rights (IPR) legislation is generally compliant with Trade-Related Intellectual Property Rights (TRIPS). However, enforcement of IPR is weak. The Ministry of Economy and Trade’s (MoET)’s Intellectual Property Protection Office (IPPO) has spearheaded efforts to improve the IPR regime, though it suffers from limited financial and human resources, and insufficient political will within the GoL to improve IPR. Lebanon’s Internal Security Forces (ISF) and Customs also play a role in enforcement. The understanding of IPR within the Lebanese judiciary has improved somewhat in recent years. However, much more is left to be done to improve awareness of the economic repercussions of IPR violations, and better judicial prosecution of IPR cases and strong court decisions with punishments prohibitive enough to prevent other infringements are needed. The MoET’s amendments to the Code of Commerce to improve the IPR environment by further streamlining business and intellectual property legislation are pending parliamentary approval.

Existing IPR laws cover copyright, patent, trademarks, and geographical elements. Lebanon’s 1999 Copyright Law largely complies with WTO regulations and needs only minor amendments to become fully compatible. However, amendments to the current law have been stalled in parliament since 2007. Registration of copyrights in Lebanon is not mandatory, and copyright protection is granted without the need for any registration. Lebanon’s parliament ratified the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (WPPT) in February 2010. Ratification documents have not yet been deposited with WIPO; however, since this would also require amendments to the copyright law.

Similarly, drafts of new industrial design, trademark, and geographical indications laws have also been pending in parliament since 2007. The MoET has clearly indicated its willingness to push for all the pending legislation to pass. In January 2013, the MoET launched an online registration service for copyrights and trademarks. The MoET's online registration service can be found at <http://www.economy.gov.lb>. The service has simplified the process of registration and has proven to be a great success. Lebanon still adopts a deposit system, rather than an objection system, for trademarks.

A modern and TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs and plant varieties. Data protection and undisclosed information fall under Article 47 of the Patent Law, but current provisions, as they apply to pharmaceutical registration, are subject to interpretation. In Lebanon, generic manufacturers are not prohibited from using original data (e.g., data published on the U.S. Food and Drug Administration website) to register competing products that are identical to original products. Decree No. 571 on the conditions of registering, importing, marketing, and classifying pharmaceuticals, which should have improved the process of drug registration and reduced the number of copycat drugs being registered, still leaves some room for interpretation. There are no current plans to amend the Patent Law to reduce counterfeit drugs found in the market. The Lebanese legal regime does not require examination, prior to registration, of patents for novelty, utility, and innovation. Simple patent deposit is required at the MoET, where the application is examined only for conformity with general laws and ethics.

The ISF's Cybercrime and IP Unit tracks seizures of counterfeit goods; however, this information is not publically available. The U.S. Trade Representative's Special 301 annual review of intellectual property protection worldwide has kept Lebanon on its watch list since 2008. Given insecurity, political instability, and the spillovers from the Syrian crisis that continued in 2014, the GoL has stressed the great difficulty it has faced in enforcing IPR.

The MoET's IPPO enforces IPR by acting upon the requests of rights holders or in an ex officio capacity. The ISF cannot act in an ex officio capacity and still needs a criminal complaint to be filed with the prosecutor's office in order for it to take action. The sale and distribution of pirated, counterfeit, and copycat products continued across Lebanon, in commercial establishments and through street vendors. This included leather goods, apparel and luxury items, fast-moving consumer goods (FMCGs), software, optical media, and pharmaceuticals.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en>

Resources for Rights Holders

Mr. Timothy Forsyth (until summer 2015) / Mr. Robert Palmer (from July 2015)
Economic Officer
+961-4-542600/543600
Beirutembassyinvestment@state.gov

The embassy's list of lawyers can be found at
<http://lebanon.usembassy.gov/attorneys.html>

Private sector companies should be wary when bidding for public projects, given lack of transparency, clear regulations, and fair consideration of bids. There is no one specific law regulating all aspects of government procurement in Lebanon. Government administrations often award contracts by mutual agreement, without calling for a tender, and the government does not always establish clear procedures for the process.

In Lebanon, the procedures necessary for business entry, operation, and exit are not streamlined. However, the process does not discriminate against foreign investors.

Red tape plagues bureaucratic procedures. International companies are faced with an unpredictable, opaque operating environment and often encounter unanticipated obstacles or costs late in the process. Even so, according to the World Bank's Doing Business 2015 report, it takes entrepreneurs only nine days to start a business in Lebanon, compared to the average of 19 days in the MENA region. The report may be accessed at <http://www.doingbusiness.org>.

Currently, IPR trademark registration, economic and trade indicators, and market surveillance reports, are available online at: <http://www.economy.gov.lb>.

The government does not publish proposed laws and regulations in draft for public comment. The normal practice when preparing legislation is to form a drafting committee composed of both public and private sector stakeholders. However, Telecom Law No. 431 requires the Telecommunication Regulatory Authority (TRA) to issue regulations in draft for public consultation in an effort to ensure full transparency and enable the general public to play a role in shaping future regulations, but there have been no new regulations since the TRA board expired in February 2012. In general, legal, regulatory, and accounting systems are consistent with international norms.

Lebanon still lacks an access to information law that aims at promoting transparency at both the private and public sector levels. According to Transparency International's Lebanon chapter, the Lebanese Transparency Association (LTA), several ministries took initiatives to promote transparency in 2013, although the Lebanese Parliament failed to enact new transparency-related legislation in 2013 or 2014. In 2008, the Tax Procedures Code was ratified, unifying tax procedures, specifying deadlines for tax transactions and defining taxpayers' rights and obligations. Moreover, the Ministry of Finance (MoF) portal, launched in 2010, provides access to economic, financial and fiscal information. The MoF also initiated the development and distribution of the tax calendar in order to increase taxpayers' awareness of their rights and obligations. Since 2012, the MoF's website has included a section on e-taxation, allowing citizens to acquire an electronic tax ID to assist them in facilitating tax declarations. Citizens with a tax ID are no longer obliged to physically visit the tax departments to declare their taxes, in addition to having online access to their previous tax returns. The new tax inquiry section also allows citizens to identify the amount of tax on their properties without visiting the tax departments, also made available via a "Tax Inquiry" mobile application. In 2013, the MoF launched its electronic payment system whereby citizens and companies are able to file and pay their taxes online 24/7, either through the ministry's website or through the websites of Lebanese commercial banks. Starting 2014, value added tax registrants could also file their tax returns online. The MoET continues to publish its consumer protection newsletter, inaugurated in 2010.

The MoF also continues to publish reports on public finance, debt, foreign trade, and foreign aid, in addition to thematic reports and annual budget brief notes, all available online. The monthly report “Salaries, Wages and Related Benefits” has been published since February 2011. The 2010 Citizen Budget, which is drafted in collaboration with the LTA to facilitate the ordinary citizen’s understanding of the government budget revenues and spending, was also published and disseminated in 2011, but updated reports have not been published since then. Reports are available at: <http://finance.gov.lb> .

As part of the National Network for Access to Information, the LTA, MoF, and other stakeholders helped draft laws on access to information and whistleblower protection, both which have been awaiting parliamentary ratification since 2009 and 2010, respectively. In the meantime, the MoF continued to organize workshops, raise awareness, and build capacity of civil servants on access to information and whistleblower protection.

The LTA, in partnership and cooperation with the Center for International Private Enterprise (CIPE), established in 2008 the Lebanon Anti-Bribery Network (LABN), which was re-launched in 2013, for the specific purpose of combating bribery in the country. In 2014, LABN published two handbooks: “Access to Information: Benefit to the Private Sector,” and “Administrative Corruption in Lebanon,” to help identify obstacles and challenges related to greater transparency and corruption in public administration, respectively. Under LABN, the LTA also launched the Code of Ethics and Whistleblower Protection for Small and Medium Enterprises (SMEs), and provided a workshop for owners and directors of companies on the importance of ethics and on ways of applying the code. LTA is also preparing a handbook and workshop series on “Know Your Rights: A Guidebook for Dealing with the Public Administration,” which aims to empower Lebanese citizens to fight bribery by educating them on their related rights.

Efficient Capital Markets and Portfolio Investment

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Lebanon places no restrictions on the movement of capital in or out of the country for investment or other purposes. The government permits the free exchange of currencies, precious metals, and monetary instruments, both domestically and internationally. There are no restrictions on payments and transfers for current international transactions. According to the World Bank’s latest estimates, remittance inflows to Lebanon remained almost constant at USD 7.7 billion for 2014, or 16.5 percent of total remittances to the MENA region. Lebanon is considered by the World Bank to be one of the top global recipients of remittances relative to the size of its economy. Remittances as a share of GDP reached on average 20 percent over the past 20 years, representing one of the highest ratios worldwide. According to the World Bank, remittances per capita reached USD 1,700 in 2014, the second highest ratio worldwide.

Credit is allocated on market terms, and foreign investors can get credit facilities on the local market. The private sector has access to overdrafts and discounted treasury bills, in addition to a variety of credit instruments, such as housing, consumer, or personal loans, and loans to SMEs. The International Finance Corporation (IFC) and the European Investment Bank (EIB) have been separately extending financial facilities through the Lebanese banking sector to help SMEs in specific productive sectors, such as high-tech, industry, and tourism. Since 2007, the Overseas Private Investment

Corporation (OPIC) has extended USD 300 million in credit line guarantees through Citibank to select Lebanese banks for private sector lending, including to SMEs.

The Beirut Stock Exchange (BSE) quotes six commercial banks, 24 sovereign Eurobond issues (22 in U.S. dollars, one in euros, and one in Lebanese Pounds), and four companies, including Solidere, one of the largest publicly held companies in the region. Trading is a combination of auction and continuous trading. The BSE authorized e-trading in 2008. Legislation allows the listing of tradable stocks or papers on the BSE. In 2011, Parliament endorsed both the Insider Trading Law and the Capital Markets Law to regulate and supervise capital market activity. However, the BSE suffers from a lack of liquidity and low trading volumes in the absence of significant institutional and foreign investors, and had an annual trading volume of only 5.9 percent of market capitalization in 2014. Trading is more active in listed banks' instruments. The weak market turnover discourages investors from committing funds to the market and discourages issuers from seeking listings on the BSE. Many sectors are dominated by traditional businesses held by commercially powerful families. The government is trying to improve the transparency of such firms in order to help solidify an emerging capital market for company shares.

To stimulate market activity, the Capital Markets Authority (CMA) in Lebanon, which acts similarly to the U.S. Securities and Exchange Commission, issued several circulars in 2013 and 2014 to regulate disclosure policy of joint stocks and mutual funds as well as to encourage investment in start-up companies. In 2014, the CMA started receiving technical assistance from the World Bank to prepare regulations for the development of capital markets. More information can be found on: www.cma.gov.lb/. The Capital Markets Law calls for the corporatization and then privatization of the BSE within a two-year period from the date the CMA is appointed; however, as of March 2015 no serious action had been taken to corporatize the BSE. Lebanon hosts the headquarters of the Arab Stock Exchange Union.

The banking regulatory system is transparent and consistent with international norms. Banks conform to Bank for International Settlement (BIS) standards and International Accounting Standards (IAS). The Central Bank issued in 2014 more stringent regulations on compliance in banks and financial institutions. In 2014, the Banking Control Commission (BCC, the banks' regulatory body) created a new unit in charge of the full implementation of "Consumer Protection" based on the circulars issued by the BdL (in 2010) and by the BCC (in 2012).

Lebanon has legislation regulating issuance of and trading in bank equities. Law No. 308 on unification of bank shares allows banks to increase their capitalization and shareholder base, as well as to optimize trading of bank shares on the BSE. Law No. 705 dated December 9, 2005, provides access to the private and public sectors to secure asset-backed financing; while some private companies have benefitted from this law, the GoL has not engaged in any such transaction to date. There are no restrictions on portfolio investment, and foreign investors can invest in Lebanese equities and fixed income paper.

Money and Banking System, Hostile Takeovers

The banking system enjoys a high financial standing, with a capital adequacy ratio of 14 percent as of June 2014 (higher than Basel III requirements), sound liquidity, and with a

foreign currency prime liquidity ratio exceeding 42 percent of foreign currency deposits. The Central Bank and the BCC have established a steering committee to follow up on the new Basel III Accord, and are issuing circulars for the full implementation of the three Pillars of Basel III, including the new liquidity ratios, by end 2015. Lebanese banks are compliant with the Foreign Account Tax Compliance Act (FATCA).

The total domestic assets of Lebanon's five largest commercial banks reached about USD 98 billion as of the end of 2014 (or about 52.3 percent of total banking assets), according to BdL data. Meanwhile, the total consolidated assets of Lebanon's five largest commercial banks reached about USD 123.4 billion in 2014. About 3.6 percent of total loans were estimated as non-performing by end-February 2015. Banks maintained around 70.5 percent of provisions against non-performing loans as of February 2015, while the remaining 29.5 percent were covered by adequate collateral.

There are no restrictions in Lebanon on a foreigner or non-resident's ability to open a bank account whether in local currency or foreign currencies; however, banks have adopted stringent inquiry mechanisms to ensure compliance with international and domestic regulations. They implement Lebanon's anti-money laundering law as well as Know-Your-Customer requirements, inquiring about the purpose of opening a new account, about the source of funds to be placed into an account, and other relevant information. There is also an increased focus by banks to combat tax evasion.

There are no specific rules on hostile takeovers; there has never been a hostile takeover on either the Beirut Stock Exchange or in the banking sector. By regulation, any investor should inform the BSE when her/his portfolio of shares in any of the listed companies reaches ten percent. Moreover, any shareholder with more than five percent of a bank's share capital needs prior approval from the Central Bank to acquire additional shares in that bank, and when selling shares from his portfolio, he/she needs to inform the Central Bank.

Competition from State Owned Enterprises

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The GoL has a monopoly in the utility sector (Ogero for telecom landlines and two mobile companies; Electricité du Liban (EdL) for electricity production and transmission; and four water authorities); a casino (Casino du Liban, a mixed public-private enterprise); tobacco procurement, manufacturing, and sales (La Régie des Tabacs et Tombacs); as well as the national airline (Middle East Airlines, MEA), whose monopoly ends in 2024. Other major state-owned enterprises or public institutions include the Beirut, Tripoli, Sidon, and Tyre ports; the Rashid Karami International Fair (in northern Lebanon); the Sport City Center; and real estate development institution Elyssar. The GoL also owns shares in Intra Investment Co., a mixed public-private investment company, and the latter owns 96.62 percent of Finance Bank – a Lebanese commercial bank.

There is no uniform definition of State-Owned Enterprises (SOEs). Decree 4517 (dated 1972) establishes two types of SOEs, one administrative that involves management of a public enterprise, such as the Lebanese University, while the other has a commercial aspect, such as EdL and La Régie, among others. The Ministry of Finance has a list of SOEs, but it is not published. SOEs may purchase or supply goods or services from private sector/foreign firms. Procurement is governed under the same terms and

conditions as for procurement by the public administration. SOEs benefit from tax exemptions and other tax benefits.

While, by law, electricity production is restricted to EdL, there are numerous private investors operating generators across the country who sell electricity to citizens at much higher prices than EdL during the country's frequent power cuts. This sector remains unregulated. EdL has awarded a few concessions to privately-owned companies for power distribution in specific regions, and these companies have expressed interest in producing electricity to meet customer demand. In April 2014, the parliament granted the cabinet for a period of two years the authority to license private companies to generate electricity. Since 2012, three private companies contracted by EdL have been handling bill collection, maintenance, and power distribution services. The GoL also continues to contract the management of the two cellular companies to two private operators.

The SOEs and public institutions are subject to oversight by the concerned ministries as well as by the Ministry of Finance. Public institutions need the approval of concerned ministries for major business decisions. SOEs have independence in preparing their budgets, which need to be approved by their board of directors and then by Parliament. The SOEs and public institutions are required by law to publish an annual report, and to submit their books for independent audits as well as to send their books to the Court of Audit.

The GoL currently has no plans to privatize SOEs or public institutions. MEA has put on hold its plans to list 25 percent of its shares on the BSE as a first step toward privatization, pending an improvement in investor confidence, in order to ensure that its shares will not be undervalued when traded on the BSE.

OECD Guidelines on Corporate Governance of SOEs

SOEs and public institutions have independent boards staffed primarily by politically-affiliated individuals, appointed by the cabinet for public institutions, and by shareholders for SOEs. SOEs do not currently adhere to the Organization for Economic and Cooperative Development (OECD) Corporate Governance Guidelines.

Sovereign Wealth Funds

There are no sovereign wealth funds in Lebanon. Lebanon's Hydrocarbon Law mentions that proceeds generated from oil and gas exploration would be deposited in a Sovereign Wealth Fund; a separate law would set the process for creating this Fund, but it has not been drafted. Lebanon currently has no proceeds from natural resources that could flow into a sovereign wealth fund.

Corporate Social Responsibility

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Lebanese firms have become increasingly aware of corporate social responsibility (CSR) in recent years, including regarding environmental, social, and governance issues. This includes the banking sector as well as companies in the telecoms, real estate, and industrial sectors, which are slowly operating through sustainable supply chains or seek to enhance their sustainability and CSR performance. Firms who pursue CSR are viewed favorably by consumers. The Lebanese Government encourages corporate

engagement in solving national economic, social, and environmental problems. The Lebanese Standards Institution (LIBNOR), part of the Ministry of Industry, has taken the lead in encouraging the use of the ISO 26000 standard on Social Responsibility (SR) in Lebanon, one of the eight pilot countries in the Middle East. The project is funded by the Swedish International Development Cooperation Agency (Sida).

The Central Bank of Lebanon has been working closely with banks to direct their financial resources into more rewarding projects for the society and environment. This includes issuing circulars aiming to enable favorable conditions in regards to environmental and educational loans, to encourage entrepreneurship through private equity investments, and to ensure a higher level of governance through customer protection.

While several codes relating to business ethics and corporate governance exist, such as the business association 'Rassemblement de Dirigeants et Chefs d'Entreprises Libanais' (RDCL, or the Group of Lebanese Business Owners) "Code of Business Ethics," and the Lebanese Code of Corporate Governance (CG), written under the auspices of the Lebanese Transparency Association (LTA), these are still voluntary for businesses, with no incentives or enforcement by the government to encourage adoption.

The Lebanese Transparency Association reports that more companies are approaching it for corporate governance assessments and its corporate governance guidelines and toolkits for family-owned enterprises and listed companies. CSR Lebanon, a Beirut-based company established in 2010, is dedicated to raising awareness and providing the necessary tools to promote CSR in Lebanon and the Middle East.

OECD Guidelines for Multinational Enterprises

Lebanon is seeking to implement a number of international codes and standards that would increase transparency and governance at the government or corporate levels. The Association of Banks in Lebanon has adopted the Corporate Governance Guidelines for Banks Operating in Lebanon (in January 2011). CSR Lebanon has been advocating the principles of the United Nations Global Compact and was the first to introduce them to the private sector.

Political Violence

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Political violence continued in 2014 due to spillover effects from the Syrian conflict. In April 2014, the situation stabilized somewhat with the implementation of a security plan by the Lebanese government in Tripoli and in villages in the Bekaa Valley along the Syrian border. On June 20, a suicide bomber from the Salafist Islamic group, "Free Sunnis of Baalbek Brigades," attacked an ISF checkpoint in Dahr el Baidar in the Bekaa; on June 23, another suicide bomber attacked an army checkpoint at Tayyouneh roundabout at the entrance of the Beirut southern suburbs; and on June 25, a suicide bomber detonated himself during a security raid in the Duroy Hotel in Raouche, Beirut. The bomber was a Saudi Arabian citizen, and authorities arrested another potential bomber, also a Saudi citizen. On August 2, clashes erupted in the northeastern border town of Aarsal between Lebanese Army (LAF) personnel and Islamic militants aligned with the Islamic State of Iraq and the Levant (ISIL) and al-Nusra Front. Nineteen LAF members and 40 to 45 Syrians and Lebanese citizens died; 90 to 100 individuals were wounded. Islamic militants took 29 LAF and Internal Security Forces members hostage;

four were subsequently executed and six have been released. On October 24, following the arrest of Ahmed Salim Mikati, a local extremist leader, fighting broke out between the army and extremist elements in Tripoli, and after four days of clashes, the army re-asserted control over the city. On January 10, 2015, two suicide bombers attacked a café in the predominantly Alawite neighborhood of Jabal Mohsen in Tripoli. Following this attack, which was masterminded by Islamic militants held in Roumieh Central Prison, the Internal Security Forces raided the cellblock in Roumieh where these inmates were held and dismantled the communication room set up by them. Several similar suicide bomber attacks followed the January attack.

There have been numerous instances of incursions by Syrian forces across the border into Lebanese territory (much of the border is non-demarcated, contributing to further instability on the border). Cross-border shelling against towns in the north and in the Bekaa Valley happens almost daily. Hizballah continued to accelerate its engagement in the fighting in Syria on behalf of the Syrian regime, and some Lebanese Sunni individuals and groups have supported the Syrian opposition.

In December 2014, Hizballah and the Sunni-dominated Future Movement began a “political dialogue” to try to alleviate tensions between the Sunni and Shia communities. As a result, security measures were carried out by the security authorities in various areas of Lebanon, including removing politically provocative posters and banners.

By early 2015, there were over 1.2 million Syrian refugees in Lebanon officially registered with the UN High Commissioner for Refugees, severely straining local resources and services.

The U.S. government considers the potential threat to American Embassy personnel assigned to Beirut sufficiently serious to require them to live and work under security restrictions. These limitations occasionally prevent the movement of American Embassy officials and the provision of consular services in certain areas of the country. U.S. citizen visitors are encouraged to contact the Embassy’s Consular Section for the most recent safety and security information concerning travel to Lebanon.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies’ acts of corruption, including bribery of foreign public officials, by requiring them to uphold their

obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at:

<http://www.justice.gov/criminal/fraud/fcpa/guidance>

For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: <http://www.justice.gov/criminal/fraud/fcpa>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Lebanon is a signatory to the UN Anticorruption Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Lebanon is not a signatory to the OECD Antibribery Convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts

of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Lebanon ratified the UN Anticorruption Convention in April 2009.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2015, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Lebanon is neither a member of the OAS, nor a signatory to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174>). Lebanon is not a signatory to the Council of Europe Criminal Law and Civil Law Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Lebanon has neither a bilateral investment treaty (BIT) with the U.S. nor an agreement on the avoidance of double taxation. However, the U.S. has signed a Trade and Investment Framework

Agreement (TIFA) with the Government of Lebanon in December, 2006 to help promote an attractive investment climate, expand trade relations, and remove obstacles to trade and investment between the two countries.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic

laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Corruption in Lebanon:

Lebanon has laws and regulations to combat corruption, but these laws are not effectively enforced. In accordance with Lebanese law, it is considered a criminal act to give or accept a bribe. The penalty for accepting a bribe is imprisonment for up to three years, with hard labor in some cases, and a fine equal to at least three times the value of the bribe. Bribing a government official is also a criminal act. The Central Inspection Directorate is responsible for combating corruption in the public sector, while the public prosecutor is responsible for combating corruption in the private sector.

There is rampant corruption when dealing with the Lebanese public sector. According to the 2014 Transparency International's (TI) Corruption Perception Index (CPI), Lebanon ranked 136 out of 175 countries worldwide, and 14 out of 19 Middle East North Africa (MENA) countries. Based on its currently ranking, Lebanon has remained among the 50 most corrupt countries in the world. The index measures the perception of corruption by public officials and politicians and focuses on corruption in the public sector, defined as an abuse of official power for private interests. TI noted that the 2014 CPI showed that economic growth is undermined and efforts to stop corruption fade when leaders and high level officials abuse power to appropriate public funds for personal gain.

Corruption is more pervasive in government contracts (primarily in procurement and public works), taxation, and real estate registration, than in private sector deals. The law provides criminal penalties for official corruption; however, the law has not been implemented effectively. Government security officials, agencies, and police were subject to laws against bribery and extortion.

In 2013, the MoF launched its electronic payment system whereby citizens and companies would be able to file and pay their taxes online 24/7, either through the ministry's website or through the websites of Lebanese commercial banks. These services are expected to decrease corruption in the tax sector. On the customs front, and to ensure trade facilitation, transparency, and security, remote filing of manifests and declarations was introduced in 2011. A new version of the ASYCUDA (Automated System for Customs Data) WORLD software was implemented to fill the gaps of the previous version. Transit trade applications can also be now filled online. Work has begun for Lebanon's Industrial Research Institute to submit its certificate of conformity online to further facilitate trade procedures. Customs also established an Intelligence Unit to detect counterfeiting and fraudulent operations.

In 2015, Lebanese Customs started to implement the first phase of paperless declarations that would eventually lead to a Single Window system. Moreover, in March 2015, Lebanese Customs started to enforce physical inspections, with few exceptions, on all incoming shipments, in order to combat fraud, counterfeit goods, and customs evasion. Members of the business community have started complaining about such procedures, which cause lengthy and expensive delays in the processing of imported products at the ports. Lebanese Customs hopes to implement e-payment of customs operations, a step that many hopes will help combat corruption, but the process has

been delayed. Amendments for a new and updated Customs Law are in the works to cover electronic Customs' procedures.

The year 2014 witnessed an unprecedented anti-corruption campaign by some government ministries. Although generally satisfied, many people have adopted a wait-and-see attitude to see how far the campaign will go. For example, the Ministry of Public Health (MoPH) launched a widespread campaign to name and shame restaurants, supermarkets, private water suppliers, hospitals and cosmetic surgery clinics that did not comply with health and safety standards. The MoPH also released a mobile application and a hotline (1214) allowing citizens to report fraudulent actions to the ministry. The Ministry of Economy and Trade (MoET) launched the "Consumer Protection Lebanon" mobile application in 2014, adding to the already established consumer protection hotline (1739). The application aims at enhancing communication between the ministry and local consumers. It allows users to send and follow complaints and provide them with prompt notifications about ministry decisions and other MoET news. Also in 2014, the Ministry of Finance (MoF) launched an anti-corruption campaign aimed at fighting corruption in the customs and real estate departments. Several civil servants were investigated for illegal appropriation of public property and embezzlement in the real estate sector, while port and airport inspections were intensified. The ministry also launched a hotline for citizens' complaints on misconduct by ministry employees.

The Lebanese Transparency Association established the Lebanese Advocacy and Legal Advice Center (LALAC) to inform citizens of their rights and to encourage victims and witnesses to take action against cases of corruption. LALAC operates a hotline for victims and witnesses to call and report cases of corruption and receive free legal advice and assistance with their case. The program is currently funded by the European Union, the Lebanese Renaissance Foundation, and the Center for International Private Enterprise (CIPE). In March 2013, LTA launched a one-year project entitled "Corruption Investigator," funded by the United States Agency for International Development (USAID). The project aimed at facilitating citizens' access to information throughout various media outlets to promote transparency and accountability and to advocate for a democratic community. In 2014, LTA launched two new branches of LALAC in the North and the Bekaa to facilitate citizen's access to make complaints directly to an independent body.

The local NGO Sakker el Dekkene was established in 2013 to raise awareness against corruption through its innovative and interactive advertisement campaigns. It also encourages citizens to report and talk about their own experiences with corruption. For more information, please go to <https://www.sakker.com>.

U.S. firms have identified corruption as an obstacle to FDI, including in government procurement, award of contracts, dispute settlement, customs and taxation.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UN Anticorruption Convention entered into force on December 14, 2005, and is the first global comprehensive international anticorruption agreement. Lebanon ratified the UN Anticorruption Convention in April 2009. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation,

embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

The OECD Antibribery Convention entered into force in February 1999. The convention obligates the parties to criminalize bribery of foreign public officials in the conduct of international business. Lebanon is not a signatory to the OECD Antibribery Convention.

Resources to Report Corruption

There is no government agency responsible for combating corruption; however, in 2014 and early 2015 efforts were made by the government to combat corruption across several ministries. The Lebanese Transparency Association monitors corruption.

Lebanese Transparency Association

Sami El Solh Avenue, Manhattan Bldg. 6th Floor

Badaro, Beirut

P.O. Box 50-552, Lebanon

Tel/Fax: +961-1-388113/4/5

Email: info@transparency-lebanon.org

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>
- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>
See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp
- MESICIC monitoring reports can be found at: http://www.oas.org/juridico/english/mesicic_intro_en.htm
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>.
For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview> . TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools.
See <http://www.transparency.org/research/gcr>
- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption).
See <http://info.worldbank.org/governance/wgi/index.aspx#home> . The World Bank Business Environment and Enterprise Performance Surveys may also be of interest

and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>

- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014> .
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report> .

Bilateral Investment Agreements

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In 2006, the United States and the MoET signed a Trade and Investment Framework Agreement (TIFA). Apart from pledging to foster an environment conducive to mutual trade and investment, the TIFA requires both parties to set up a United States-Lebanon Council on Trade and Investment that would meet twice a year or more to consult on trade and investment impediments and any other issues of concern. The council, which has not yet been set up, will seek and consider the views of private sector representatives in both countries. Under the TIFA, the United States and Lebanon agreed to a consultation mechanism that may be activated by either party within 60 days in the event of a dispute or other development affecting trade relations.

Lebanon signed the Euro-Mediterranean Partnership (ENP) agreement in 2002, and the interim agreement entered into force in March 2003. The final agreement came into force in April 2006 and the tariff reductions on imported products from the EU started in 2008. In 2012, Lebanon and the EU reviewed the ENP action plan and agreed on a new plan covering 2013-2015. Lebanon is considering signing the PAN EUROMED Regional Convention on Rules of Origin and preparing for the negotiation of the Agadir agreement.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a FTA. In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next ten years. The agreement has yet to be ratified. Lebanon has also signed the Greater Arab Free Trade Agreement, which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, Sudan and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen.

Bilateral Taxation Treaties

Lebanon does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

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In 1981, Lebanon and the United States signed an Overseas Private Investment Corporation (OPIC) agreement. OPIC did not start to operate until 1996. OPIC is currently engaged with Lebanon in three areas: insurance, financing, and investment. Since 2006, OPIC has worked with Citibank on a program that offers loans to the private sector (SMEs, retail, and housing) through selected Lebanese commercial banks. To date, OPIC has provided USD 300 million in credit line guarantees.

The Lebanese government's National Investments Guarantee Corporation (NIGC) continues to insure new investments against political risks, riots, losses due to non-convertibility of currencies, and transfer of profits. Other major trade/investment insurance programs operating in Lebanon include COFACE (France), ECGD (UK), HERMES (Germany), SACE (Italian), and IAIGC (Arab Consortium). Lebanon has been a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, since 1994.

The average USD value of the local currency has been pegged by the Central Bank (BdL) at Lebanese Pounds (LBP) 1,507.5 to the dollar since 1998; however, the dollar continues to trade in the business market at LBP 1,500. The BdL has repeatedly expressed its commitment to maintaining a stable currency. With record high foreign assets (excluding gold) of USD 38 billion as of end-March 2015, the BdL has the ability to maintain a stable USD/LBP rate for some time. Lebanon has one of most heavily dollarized economies in the world; as of end-February 2015, 65.4 percent of bank deposits were dollarized. Businesses commonly accept payment (and return change) in a combination of LBP and USD.

Labor

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The 1946 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably agriculture corporations and domestic workers). The law recognizes international labor rights and provides for the right of association and the right to organize and bargain collectively. Lebanon is a member of the International Labor Organization (ILO) Convention. The government mandates local employment, and the Ministry of Labor issues yearly a list of jobs restricted to Lebanese. In January 2015, the Ministry of Labor set the limit of foreigners to be employed by NGOs and International NGOs at 10 percent of the total.

Lebanon's working population (aged 15 and above) totals 1.2 million, including foreign residents but excluding the seasonal work force, according to CAS's 2011 Labor Market in Lebanon report. The IMF estimated the population at 4.55 million in April, 2015. The World Bank estimates Lebanese unemployment will have doubled to 20 percent between 2012 and 2014, in large part due to the Syria crisis; domestic unemployment was 11 percent in 2011, according to the Bank. As of March 2015, the official number of Syrian refugees in Lebanon, based on those registered with the UN High Commissioner for Refugees (UNHCR) reached 1.2 million. However, unofficial figures estimate the number of refugees to be much higher. The unemployment rate is somewhat attenuated because large numbers of Lebanese citizens seek work outside Lebanon, including in Arab countries and the Gulf.

Local unskilled labor is in short supply. Arab (mainly Syrians, Egyptians, and Palestinian), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

The law provides for the right of private sector workers to form and join trade unions, strike, and bargain collectively, although the law places a number of restrictions on these rights. Protection against anti-union discrimination is also provided, but enforcement is weak, and anecdotal evidence suggests anti-union discrimination was widespread. Lebanon has a General Labor Confederation (CGTL), recognized by the government, whose membership is limited exclusively to Lebanese workers. The CGTL's activities are mainly limited to demanding cost-of-living increases and other social benefits for workers. The general labor-management relationship remains difficult and the Labor Law is not always properly enforced. Given its own strong political bias, the CGTL has been sometimes accused of working for its political interests and of being ineffective in fighting for workers' rights. In recent years, it has been overshadowed by other labor groupings, most notably the Union Coordination Committees, which continues to lobby the GoL to pass an increase in the salary scale for public sector workers. Strikes and demonstrations are not uncommon, and have been usually aimed at pressuring the government for better employment conditions. This never has, however, posed a major risk to investment. The law requires businesses to adhere to safety standards, but it is poorly enforced.

Foreign-Trade Zones/Free Ports

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Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two free zones in operation, the Beirut Port and the Tripoli Port. The WTO-compatible Customs Law issued by Decree No. 4461 fosters the development of free zones. The GoL also passed Law No. 18, dated September 5, 2008, to set up a Special Economic Zone (SEZ) in Tripoli to attract investment in trade, industry, services, storage, and other services which granted investors tax exemptions and other privileges. USAID provided technical assistance to the GoL for preparing a feasibility study for Tripoli SEZ (TSEZ) in 2011. On April 9, 2015, the cabinet appointed the TSEZ Authority. To actually develop the zone, the GoL still must amend some laws and decrees, and then implement them.

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$B USD)	2013	47.2	2014	49.9	IMF World Economic Outlook database, April 2015
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	n/a	2013	193	http://bea.gov/international/factsheet/factsheet.cfm?Area=507
Host country's FDI in the United States (\$M USD, stock positions)	2013	n/a	2013	n/a	http://bea.gov/international/factsheet/factsheet.cfm?Area=507
Total inbound stock of FDI as % host GDP	2014	n/a	2014	6.4%	IMF

*The Central Administration of Statistics (CAS)

Table 3: Sources and Destination of FDI

IMF Coordinated Direct Investment Survey data are not available for Lebanon. According to the IMF's Beirut Office, total inward direct investment is USD 3.2 billion, and total outward direct investment is USD 499 million.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	6,275	100%	All Countries	2,774	100%	All Countries	3,500	100%
United States	1,866	30%	United States	1,440	52%	United Kingdom	577	16.5%
United Kingdom	699	11%	Bahrain	260	9.4%	France	454	13%
France	593	9.5%	Luxembourg	155	5.6%	United States	427	12.2%
Bahrain	385	6%	France	139	5%	United Arab Emirates	302	8.6%
United Arab Emirates	365	5.8%	Jordan	133	4.8%	Qatar	162	4.6%

Source: IMF Coordinated Portfolio Investment Survey

Contact Point at Post

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Robert Palmer (from July 2015)
 U.S. Embassy in Lebanon
 Economic Section
 Aoukar, P.O. Box 70-840, Antelias, Lebanon
 Tel: +961- 4-542600
 Email: Beirutembassyinvestment@state.gov

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How Do I Get Paid (Methods of Payment)

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Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. Around 40 percent of international trade is financed through letters of credit, and the remaining portion is financed through direct transfers. No credit rating agencies or collection agencies currently operate in Lebanon. Banks and sovereign Eurobonds are the only entities rated by international rating agencies. There are 698,217 credit and charge cards registered in Lebanon, and 1,691,321 debit and prepaid cards as of September 2014.

How Does the Banking System Operate

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Lebanon has one of the most sophisticated banking sectors in the region. Bank secrecy is strictly enforced, and the Lebanese Central Bank – the Banque du Liban (BdL) regulates all financial institutions and money exchange houses. In April 2001, Lebanon adopted Law No. 318, which created a framework for lifting bank secrecy, mandated suspicious transaction reporting, required financial institutions to obtain and maintain records of customer identification information, and facilitated access to banking information and records by judicial authorities.

Foreigners can open accounts in banks operating in Lebanon and get credit on market terms. However, due to the Internal Revenue Service's implementation of the Foreign Account Tax Compliance Act (FATCA), Lebanese banks may request additional information from U.S. citizens seeking to open accounts. Lebanese banks are fully compliant with the Foreign Account Tax Compliance Act (FATCA). The government's Banking Control Commission (BCC) closely monitors bank credits, and all credit transactions are subject to timely and accurate disclosure. The National Institute for the Guarantee of Deposits (NIGD) insures up to LBP 5 million (about USD 3,317) of Lebanese and foreign currency deposits in commercial banks. Bank financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

Foreign-Exchange Controls

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Lebanon imposes no foreign exchange controls. The foreign exchange market provides free currency convertibility and perfect capital mobility.

U.S. Banks and Local Correspondent Banks

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Below is a list of U.S. banks operating in Lebanon:

CITIBANK N.A.

Berytus Park, Park Avenue
Bloc A, 3rd floor
Beirut Central District
P.O.Box 11-1535
Beirut, Lebanon
Tel: 961-1-962447
Fax: 961-1-962443
<http://www.citigroup.com>

BNY MELLON (Representative Office)

Atrium Bldg, 3rd floor
Maarad Street, Nejme Square
P.O.Box 2011-4102
Beirut, Lebanon
Tel: 961-1-988788
Fax: 961-1-989001
<http://www.bnymellon.com>

JP MORGAN CHASE BANK (Representative Office)

Gefinor Center, Bloc B, 16th floor, Suite No.1601
Clemenceau Street,
Beirut, Lebanon
P.O.Box 11-5133
Beirut, Lebanon
Tel: 961-1-739583
Fax: 961-1-739581
<http://www.jpmorgan.com>

Below is a list of the largest banks (ranked by assets as of January 2015) that have correspondent U.S. banking arrangements:

BANK AUDI S.A.L.

Bank Audi Plaza, Bab Idriss
Omar Daouk Street
P.O.Box 11-2560
Beirut, Lebanon
Tel: 961-1-994000
Fax: 961-1-990555
<http://www.banqueaudi.com>

BLOM BANK S.A.L.

BLOM Bank Bldg.

Rashid Karamah St, Verdun
P.O.Box: 11-1912
Beirut, Lebanon
Tel: 961-1-738938; 961-1-743300
Fax: 961-1-738946
<http://www.blom.com.lb>

BYBLOS BANK S.A.L.

Byblos Bank Tower,
Elias Sarkis Avenue, Ashrafieh
P.O.Box: 11-5605
Beirut, Lebanon
Tel: 961-1-335200
Fax: 961-1-339436
<http://www.byblosbank.com.lb>

FRANSABANK S.A.L.

Fransabank Center,
Hamra Street
P.O.Box: 11-0393
Beirut, Lebanon
Tel: 961-1-340180/8; 01-745761/4
Fax: 961-1-354572
<http://www.fransabank.com>

BANKMED S.A.L.

Mediterranee Group Center
482 Clemenceau Street
P.O.Box: 11-0348
Beirut, Lebanon
Tel: 961-1-373937
Fax: 961-1-362706
<http://www.bankmed.com.lb>

SOCIETE GENERALE DE BANQUE AU LIBAN

Sehnaoui Bldg,
Riad El-Solh Street
P.O.Box: 11-2955
Beirut, Lebanon
Tel: 961-1-980783
Fax: 961-1-980785
<http://www.sgbl.com.lb>

BANK OF BEIRUT S.A.L.

Bank of Beirut Bldg
Foch Street, Beirut Central District,
P.O.Box: 11-7354
Beirut, Lebanon
Tel: 961-1-972972
Fax: 961-1-983999
<http://www.bankofbeirut.com.lb>

BANQUE LIBANO-FRANCAISE S.A.L.

Beirut Liberty Plaza
Rome Street, Hamra
P.O.Box 11-0808
Beirut, Lebanon
Tel: 961-1-791332
Fax: 961-1-791332 x 1318
<http://www.eblf.com>

CREDIT LIBANAIS S.A.L.

Credit Libanais Tower
Corniche El Nahr
P.O.Box: 16-6729
Beirut, Lebanon
Tel: 961-1-608000
Fax: 961-1-608162
<http://www.creditlibanais.com.lb>

BBAC S.A.L.

BBAC Bldg., 250 Clemenceau Street
Beirut, Lebanon
Tel: 961-1-366630
Fax: 961-1-365200
<http://www.bbacbank.com>

INTERCONTINENTAL BANK OF LEBANON S.A.L.

Al Ittihadiyah Bldg
Charles Malek Avenue
P.O.Box 11-5292
Beirut, Lebanon
Tel: 961-200350 - 334102
Fax: 961-1-204524
<http://www.ibl.com.lb>

FIRST NATIONAL BANK S.A.L.

Allenby Street, Marfaa 147
Beirut Central District
Beirut, Lebanon
Tel: 961-1-963000
Fax: 961-1-973140
<http://www.fnb.com.lb>

LEBANON AND GULF BANK S.A.L.

Lebanon and Gulf Bank Bldg,
Allenby Street
Beirut Central District
P.O. Box 11-3600
Beirut, Lebanon
Tel: 961-1-965000
Fax: 961-1-965199

<http://www.lgbbank.com>

CREDITBANK S.A.L.

Freeway Center,
Sin El Fil Blvd.
P.O.Box: 16-5795
Beirut, Lebanon
Tel: 961-1-501600
Fax: 961-1-485245
<http://www.creditbank.com>

Source: *Association of Banks in Lebanon (ABL)*

ExIm bank has no specific programs in Lebanon.

Project Financing

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Project financing in Lebanon comes from various sources and is not always clearly defined. The Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, has a total of USD 1.44 billion in loans and agreements ratified by parliament but not yet disbursed, and approximately USD 680 million in loans (including financing for the private sector) awaiting parliament's approval. The CDR has a limited absorptive capacity and targets annual spending at around USD 750 million.

About 30 foreign financing sources are involved in CDR's reconstruction plan, but twelve main financing sources have contributed over 90 percent of the agency's total foreign financing. These primary contributors include the World Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, the Islamic Development Bank, and the Governments of Saudi Arabia, Italy, and France.

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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:

<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: <http://www.exim.gov/tools-for-exporters/country-limitation-schedule>

OPIC: <http://www.opic.gov>

US Trade and Development Agency: <http://www.ustda.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/about-fsa/structure-and-organization/commodity-credit-corporation/index>

U.S. Agency for International Development: <http://www.usaid.gov>

Association of Lebanese Banks: <http://www.abl.org.lb>

Banking Control Commission of Lebanon: <http://www.bccl.gov.lb>

Central Bank of Lebanon: <http://www.bdl.gov.lb>

Council for Development and Reconstruction: <http://www.cdr.gov.lb/eng/home.asp>

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Business Customs

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Lebanese are to some extent formal in their business dealings, but concurrently they will strive to be hospitable. The most common greeting in business is the handshake with direct eye contact. Punctuality is generally expected for business meetings. Meetings are generally conducted in French, Lebanese Arabic, or English.

Business cards are commonly used. Dress code is formal in most business and official settings. Gifts are common and are accepted on most occasions.

Lebanon uses the metric system of weights and measures and the monetary unit is the Lebanese pound (LBP), also called the lira. There are no exchange controls, and U.S. dollars circulate freely. Cash and credit cards are the most common method of payment in Lebanon, but payment by check or bank transfer is also possible. Bank ATM machines are widespread, and cash may be withdrawn in Lebanese pounds or U.S. dollars. In 2014, the PayPal system was introduced into the Lebanese market and is gradually expanding.

Travel Advisory

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U.S. companies and visitors are advised to assess carefully the situation in Lebanon by consulting the Department of State's Travel Warning and its Consular Information Sheet at <http://travel.state.gov/content/passports/english/country/lebanon.html>. These documents contain essential security and safety information on travel to Lebanon.

U.S. citizens are advised to maintain valid travel documents and enroll with the Department of State or the U.S. Embassy in Beirut through the State Department's Smart Traveler Enrollment Program (STEP) website: <https://step.state.gov/step>

Visa Requirements

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Visas are required for entry into Lebanon and may be obtained at Lebanese embassies and consulates (<http://www.lebanonembassyus.org>). Citizens of the following countries can obtain a free one-month validity visa renewable for three months upon arrival at the Beirut Rafic Hariri International Airport (Beirut-RHIA):

Andorra – Antigua and Barbuda – Argentina – Armenia – Australia – Austria – Azerbaijan – The Bahamas – Barbados – Belarus – Belgium – Belize – Bhutan – Brazil – Bulgaria – Canada – Chile – China Rep – Czech Republic – Costa Rica – Croatia – Cyprus – Denmark – Dominican Republic – Estonia – Finland – France – Great Britain – Georgia – Germany – Greece – Hong Kong – Hungary – Iceland – Ireland – Islamic Republic of Iran – Italy – Japan – Kazakhstan – Kyrgyzstan – Latvia – Lithuania – Liechtenstein – Luxembourg – Macedonia – Macau – Malaysia – Malta – Mexico – Moldova – Monaco – Montenegro – Netherlands – New Zealand – Norway – Palau – Panama – Peru – Poland – Portugal – Russia – Romania – Saint Kitts & Nevis – Samoa – San Marino – Serbia – Singapore – Slovakia – Slovenia – South Korea – Spain – Sweden – Switzerland – Tajikistan – Turkmenistan – United States of America – Ukraine – Uzbekistan – Venezuela and Yugoslavia.

More information is available at: http://www.general-security.gov.lb/Entry_visa/sub4.aspx

Travelers holding passports that contain visas or entry/exit stamps for Israel may be denied entry into Lebanon and subject to detention or imprisonment. Individuals seeking entry into Lebanon who have previously traveled to Israel may face arrest and/or detention even if the travel documents they are currently using do not have Israeli stamps or visas. Holders of Arab passports that possess passports with Israeli stamps or visas may be subject to arrest and imprisonment. Travelers, including dual national Lebanese, suspected of having traveled to or via Israel may also be subject to interrogation or detention.

U.S. companies in Lebanon that require travel of foreign businesspersons to the United States should be advised that administrative processing may be required, which can delay issuance of the visa. Travelers should try to apply as early as possible for a visa. Applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/content/visas/english.html>

U.S. Embassy in Lebanon website: <http://lebanon.usembassy.gov>

Telecommunications

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International calls are expensive. The domestic public phone network (managed by the traditional public operator, OGERO) is generally reliable. Lebanon has two GSM networks that are owned by the government but managed by two private companies (Zain Group and Orascom Telecom). Various private cellular telephones and fax facilities exist. Prepaid cellular cards are widely available, and cellular phones may be rented for the duration of a visit. Internet service is available starting at a monthly subscription fee of about USD 18 (including ten percent Value Added Tax (VAT) charges) for limited access, and is also accessible to visitors at many hotels and internet

cafes. DSL, ADSL, HDSL and wireless broadband internet connections are available in most of the hotels in Lebanon, though the service is slower than what is commonly available in the United States. 3G services are available across the country while 4G services are available but still limited.

The standard voltage in Lebanon is between 220V - 240V, as in Europe. This requires a power converter since the standard voltage in the U.S. is in the range of 100V - 127V. The frequency in Lebanon is 50 Hz and the power sockets used are of type C / D / G.

Transportation

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Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are abundant in and around the capital. Rental cars are readily available at a daily cost of USD 23 and up, depending on the type and model of the car. Although many international airlines serve Beirut, a 1984 U.S. Presidential Determination prohibits direct air links between the United States and Lebanon.

Language

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Arabic is the official language in Lebanon, but French and English are widely spoken.

Health

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Most pharmaceuticals and health-related products are readily available in the local market. American companies such as Abbott Laboratories, Jancen Cilag, Pfizer, and Merck Sharp & Dohme (MSD) have representative offices in Lebanon. Private hospitals in Beirut and surrounding areas provide modern care, but doctors and hospitals normally expect immediate cash payment for services if a client does not show evidence of locally accepted health insurance coverage.

Local Time, Business Hours, and Holidays

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Local time is GMT +3 from March 29 till October 23, 2015, and GMT +2 from October 24 till March 28, 2016.

Government offices hours are as follows:

- 8:00 a.m. - 2:00 p.m. Monday through Thursday
- 8:00 a.m. - 11:00 a.m. on Friday
- 8:00 a.m. - 1:00 p.m. on Saturdays

Bank counters are generally open on the following schedule:

- 8:30 a.m. - 3:00 p.m. Monday through Friday
- 8:30 a.m. - 12:00 p.m. Saturdays

Private office hours vary and some exceed the 40-hour workweek.

The following dates are considered holidays in Lebanon during 2015:

January 1:	New Year's Day
January 3	Prophet Mohammad's Birthday

January 6:	Christmas Day – Armenian Orthodox
February 9:	Saint Maroun's Day
February 14:	Rafic Hariri Memorial day
March 25:	Annunciation Day
April 03:	Good Friday (Western Rite)
April 06:	Easter Monday (Western Rite)
April 10:	Good Friday (Eastern Rite)
April 13:	Easter Monday (Eastern Rite)
May 1:	Labor Day
May 25:	South Liberation Day
July 17:	Feast of Ramadan (Eid Al-Fitr)
August 15:	Assumption Day
September 23:	Feast of Eid Al-Adha
October 14:	Islamic New Year- Al-Hijra
October 23:	Ashoura
November 22:	Independence Day
December 23:	Prophet Mohammad's Birthday (2)
December 25:	Christmas Day

If Lebanese holidays fall on Saturday or Sunday, Lebanese government regulations prohibit the granting of an alternate day of holiday, except for Labor Day.

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of goods and equipment. Temporary importation of commercial samples, professional equipment and goods for use at trade fairs and exhibitions such as computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, jewelry, clothing, medical appliances, aircraft, race horses, art work, prehistoric relics, ballet costumes, and rock group sound systems require a temporary admission document known as the ATA (Admission Temporaire) carnet, which can be exclusively obtained from the Chamber of Commerce and Industry and Agriculture of Beirut and Mount Lebanon (CCIB - BML).

By presenting an ATA carnet to Lebanese Customs, the imported products and equipment pass duty and tax-free into the country for up to one year. At the end of the year, all the items listed on the carnet must be returned to the temporary exportation country. Video, audio disks, and tapes may be subject to search and seizure.

More information is available on:

http://www.customs.gov.lb/customs/laws_regulations/Trader_guides.asp

<http://www.ccib.org.lb/en/?p=post&id=16>

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Chamber of Commerce Industry and Agriculture of Beirut and Mount Lebanon:
<http://www.ccib.org.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

Lebanese Embassy in the U.S.: <http://www.lebanonembassyus.org>

Ministry of Post and Telecommunications: <http://www.mpt.gov.lb>

Ministry of Economy and Trade: <http://www.economy.gov.lb>

State Department Visa website: <http://www.ustraveldocs.com>

U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>

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Ministries

- Ministry of Administrative Reform: <http://www.omsar.gov.lb>
- Ministry of Agriculture: <http://www.agriculture.gov.lb>
- Ministry of Culture: <http://culture.gov.lb/#>
- Ministry of Displaced: <http://www.ministryofdisplaced.gov.lb>
- Ministry of Education & Higher Education: <http://www.higher-edu.gov.lb>
- Ministry of Economy and Trade: <http://www.economy.gov.lb/index.php/home/2>
- Ministry of Energy and Water: <http://www.energyandwater.gov.lb>
- Ministry of Environment: <http://www.moe.gov.lb>
- Ministry of Finance: <http://www.finance.gov.lb>
- Ministry of Foreign Affairs and Emigrants: <http://www.emigrants.gov.lb>
- Ministry of Industry: <http://www.industry.gov.lb>
- Ministry of Information: <http://www.ministryinfo.gov.lb>
- Ministry of Interior and Municipalities: <http://www.moim.gov.lb>
- Ministry of Justice: <http://www.justice.gov.lb>
- Ministry of Labor: http://www.labor.gov.lb/_layouts/MOL_Application/default.aspx
- Ministry of National Defense: <http://www.lebarmy.gov.lb>
- Ministry of Post and Telecommunications: <http://www.mpt.gov.lb>
- Ministry of Public Health: <http://www.moph.gov.lb>
- Ministry of Public Works and Transport: <http://www.transportation.gov.lb>
- Ministry of Social Affairs: <http://www.socialaffairs.gov.lb>
- Ministry of Tourism: <http://mot.gov.lb>
- Presidency of the Council of Ministers: <http://www.pcm.gov.lb>

Public Agencies

- Central Bank of Lebanon: <http://www.bdl.gov.lb>
- Council for Development and Reconstruction: <http://www.cdr.gov.lb>
- Investment Development Authority of Lebanon: <http://investinlebanon.gov.lb>
- National Archives: <http://www.can.gov.lb>
- OGERO: <http://www.ogero.gov.lb>
- Port of Beirut: <http://www.portdebeyrouth.com>

Trade Association

- American Lebanese Chamber of Commerce: <http://www.amcham.org.lb>

- Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon: <http://www.ccib.org.lb>
- Association of Lebanese Industrialists: <http://www.ali.org.lb>
- Beirut Trader's Association: <http://www.beiruttraders.org>
- International Chamber of Commerce: <http://www.iccwbo.org>
- Lebanese Businessmen Association: <http://www.rdcl.org.lb>
- Lebanese Franchise Association: <http://www.lfalebanon.com>
- Professional Computer Association: <http://www.pca.org.lb>
- Real Estate Syndicate of Lebanon: <http://www.real.org.lb>
- Association of Banks in Lebanon: <http://www.abl.org.lb>
- U.S. Commercial Service in Lebanon: <http://export.gov/lebanon>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.bielcenter.com>
<http://www.esquareme.com>
<http://www.promofair.com.lb>
<http://www.hospitalityservices.com.lb>
<http://www.iktissadevents.com>
<http://www.confex-lebanon.com>
<http://www.ifpexpo.com>
<http://www.export.gov/Lebanon>

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Chapter 10: Guide to Our Services

- [SelectUSA](#)
- [National Export Initiative](#)

SelectUSA:

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SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local, and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates among federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov>

National Export Initiative:

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The President's National Export Initiative/NEXT marshal's federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: <http://www.export.gov>.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://www.export.gov/Lebanon>.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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